PUBLIC ACCOUNTS

NORTHWEST TERRITORIES 2004 - 2005

Section II Non Consolidated Financial Statements

Northwest
Territories

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 2005

SECTION II
NON-CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

HONOURABLE FLOYD K. ROLAND

Minister of Finance

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Government of the Northwest Territories

Non-Consolidated Statement of Financial Position (unaudited)

As at March 31, (thousands of dollars)	**2005**	**2004**
Financial resources		
Cash (note 3)	$ 12,659	$ 17,663
Short-term investments (note 4)	241,895	7,296
Accounts receivable (note 5)	40,471	33,160
Inventories and prepaid expenses (note 6)	12,186	11,436
Designated cash and investments (note 7)	25,390	26,229
Loans receivable (note 8)	57,166	58,068
Investment in Northwest Territories Power Corporation, at nominal value of one dollar	-	-
	389,767	**153,852**
Liabilities		
Due to Canada (note 10)	327,853	57,099
Accounts payable and accrued liabilities (note 11)	135,571	114,905
Capital lease obligations (note 12)	12,035	13,110
Long term debt (note 13)	1,333	1,364
Pension, retirement and other employee future benefits (note 14)	45,784	43,026
	522,576	**229,504**
Net debt	**$ (132,809)**	**$ (75,652)**
Non-financial assets		
Tangible capital assets (schedule C)	1,014,124	984,039
less: deferred capital contributions (note 15)	(202,997)	(213,210)
	811,127	**770,829**
Accumulated surplus	**$ 678,318**	**$ 695,177**

Commitments and contingencies (notes 18 and 19)

The accompanying notes and Schedules A, B and C are an integral part of the non-consolidated financial statements.

Government of the Northwest Territories

Non-Consolidated Statement of Change in Net Debt (unaudited)

for the year ended March 31, (thousands of dollars)	2005		2004
	Main Estimates (note 1c)	Actual	
Net (debt) financial resources at beginning of year	**$ (75,652)**	**$ (75,652)**	**$ 29,447**
Items affecting net financial resources:			
Annual deficit for the year	(45,651)	(16,859)	(65,267)
Increase in tangible capital assets, net book value (schedule C)	(42,010)	(30,085)	(37,959)
Increase (decrease) in deferred capital contributions (note 15)	13,441	(10,213)	(1,873)
Net debt at end of year	**$ (149,872)**	**$ (132,809)**	**$ (75,652)**

The accompanying notes and Schedules A, B and C are an integral part of the non-consolidated financial statements.

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Government of the Northwest Territories

Non-Consolidated Statement of Operations and Accumulated Surplus (unaudited)

for the year ended March 31, (thousands of dollars)	2005		2004
	Main Estimates (note 1c)	Actual	
Revenues			
Revenues by source (schedule A)	$ 913,510	$ 977,058	$ 867,750
Recoveries of prior years' expenses (schedule 3)	3,000	3,724	3,326
	916,510	980,782	871,076
Expenses (schedule B)			
Compensation and benefits	187,278	193,797	189,184
Grants and contributions	478,179	496,426	473,657
Valuation allowances	-	7,647	2,143
Other	238,350	254,342	227,566
Amortization	46,354	45,444	43,795
Estimated supplementary requirements (note 1c)	20,000	-	-
Estimated appropriation authority lapse (note 1c)	(8,000)	-	-
	962,161	997,656	936,345
Annual operating deficit	**(45,651)**	**(16,874)**	**(65,269)**
Petroleum Products Stabilization Fund - net revenue (note 16)	-	15	2
Projects for Canada, Nunavut and others			
Expenses	(45,757)	(47,134)	(56,472)
Recoveries	45,757	47,134	56,472
Annual deficit	**$ (45,651)**	**(16,859)**	**(65,267)**
Accumulated surplus, at beginning of year		695,177	760,444
Accumulated surplus, at end of year		**$ 678,318**	**$ 695,177**

The accompanying notes and Schedules A, B and C are an integral part of the non-consolidated financial statements.

Government of the Northwest Territories

Non-Consolidated Statement of Cash Flow (unaudited)

for the year ended March 31, (thousands of dollars)	2005	2004
Operating transactions		
Cash received from:		
Canada	$ 988,106	$ 715,931
Taxation	181,490	172,311
Recoveries and general revenue	33,167	30,530
Projects for Canada, Nunavut and others	47,847	60,131
Recovery of costs incurred for related parties	87,420	83,859
Revolving funds sales	50,121	50,195
	1,388,151	1,112,957
Cash paid for:		
Compensation and benefits	194,991	184,579
Grants and contributions	496,021	471,873
Operations and maintenance	259,893	236,168
Projects for Canada, Nunavut and others	47,134	56,472
Direct costs incurred for related parties	90,398	87,935
	1,088,437	1,037,027
Cash provided by (used for) operating transactions	**299,714**	**75,930**
Investing transactions		
Acquisition of tangible capital assets	(76,823)	(84,746)
Disposal of tangible capital assets (net)	1,295	2,992
Capital contributions received and deferred	2,774	11,217
Designated cash and investments redeemed (purchased)	839	2,054
Loans receivable receipts	3,221	446
Loans receivable advanced	(319)	(3,829)
Cash used for investing transactions	**(69,013)**	**(71,866)**
Financing transactions		
Repayment of capital lease obligations	(1,075)	(2,165)
Long-term financing proceeds	-	1,379
Long-term financing repaid	(31)	(15)
Cash used for financing activities	**(1,106)**	**(801)**
Increase in cash and cash equivalents	**229,595**	**3,263**
Cash and cash equivalents at beginning of year	24,959	21,696
Cash and cash equivalents at end of year*	**$ 254,554**	**$ 24,959**

* Cash and cash equivalents are represented by cash and short-term investments.

The accompanying notes and Schedules A and B are an integral part of the non-consolidated financial statements.

1. AUTHORITY, OPERATIONS AND REPORTING ENTITY

(a) Authority and operations

The Government of the Northwest Territories (the Government) operates under the authority of the *Northwest Territories Act* (Canada). The Government has an elected Legislative Assembly which authorizes all disbursements, advances, loans and investments unless specifically authorized by statute.

(b) Reporting entity

The Government prepares consolidated financial statements. They are presented in Section I of the Public Accounts and provide an accounting of the full nature and extent of the financial affairs and resources for which the Government is responsible. The consolidated reporting entity is defined in those statements. These financial statements have been prepared on a non-consolidated basis to show the operating results of the Government separate from the entities included in the consolidated financial statements.

These financial statements include the assets, liabilities and operating results of the Government and its revolving funds. Revolving funds are established by the Government to provide the required working capital to deliver goods and services to the general public and to Government departments.

The following related Government Territorial Crown Corporations, boards and agencies are included in these statements only to the extent of the Government's contributions to, or revenues from, them:

Aurora College
Divisional Educational Councils and District Education Authorities
Hospitals and Regional Health Boards
Northwest Territories Business Credit Corporation
Northwest Territories Development Corporation
Northwest Territories Housing Corporation
Northwest Territories Power Corporation
Northwest Territories Opportunities Fund

Detailed financial information on revolving funds and Territorial Crown Corporations is included in Section III of the Public Accounts.

(c) Main estimates

The Main Estimates are the appropriations approved by the Legislative Assembly. They represent the Government's original fiscal plan for the year and do not reflect Supplementary Appropriations.

The estimated supplementary requirements and the estimated appropriation authority lapse are included in the Main Estimates on the statement of operations and surplus. They are included for the purpose of comparing the actual net operating revenue (expense) to the estimated net operating revenue (expense).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

The more significant management estimates relate to employee future benefits, contingencies, revenue accruals and Students Loan Fund allowances for both forgivable and delinquent loans and amortization expense. Other estimates, such as Canada Health Transfer and Canada Social Transfer payments and Corporate and Personal Income Tax revenue are based on estimates made by Canada's Department of Finance and are subject to adjustments in future years.

(b) Short-term investments/designated cash and investments

Short-term investments are valued at the lower of cost or market value. Interest income is recorded on the accrual basis, dividend income is recognized as it is received and gains and losses are recognized as incurred. Unrealized losses on designated cash and investments in long-term investment portfolios and marketable securities are recognized when it is determined that there is a permanent impairment in the value of the investments and are included as a component of investment income.

(c) Inventories and prepaid expenses

Inventories for resale consist of bulk fuel and liquor products. Bulk fuels are valued at the lower of weighted average cost and net realizable value. Liquor products are valued at replacement cost. Other inventories are valued at the lower of cost, determined on a first in, first out basis and net replacement value.

Prepaid expenses are advance payments made prior to year end to meet April 1 deadlines or a portion of a payment, such as insurance or licensing fees, related to future years.

d) Loans receivable

Loans receivable and advances are stated at the lower of cost and net recoverable value.

Valuation allowances, which are recorded to reduce loans receivable, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recorded on an accrual basis. Interest revenue is not accrued when the collectibility of either principal or interest is not reasonably assured.

(e) Investment in the Northwest Territories Power Corporation

The Government is the shareholder of the Northwest Territories Power Corporation, a Territorial Crown Corporation providing utility services in the Northwest Territories. The Government's share of the net assets of the Corporation has been recorded at a nominal value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Non-financial assets

Tangible Capital and other non-financial assets are accounted for as assets by the Government as they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Government unless they are sold.

(g) Tangible capital assets and leases

Tangible capital assets are buildings, roads, equipment, etc. whose life extends beyond the fiscal year, original cost exceeds $50,000 and are intended to be used on an ongoing basis for delivering services. Individual assets less than $50,000 are expensed when purchased.

Tangible capital assets are recorded at cost, or where actual cost was not available, estimated current replacement cost converted back to date of purchase by discounting current year dollars for inflation. Gifted and cost shared tangible capital assets from Canada are recorded at fair market value upon receipt, with the gifted or cost shared portion shown as a deferred capital contribution. This deferred capital contribution is amortized as revenue on the same basis as the related asset is amortized. Tangible capital assets, when placed in service are amortized on straight line basis over their estimated useful life based on the following guidelines:

Asset category	Amortization period
Land	Not amortized
Roads and bridges	40 years
Airstrips and aprons	40 years
Buildings	40 years
Ferries	25 years
Water/sewer works	15 - 25 years
Mainframe and software systems	5 - 10 years
Mobile and heavy equipment	7 - 15 years
Major equipment	5 - 15 years
Medical equipment	5 - 15 years
Leasehold improvements	Lesser of useful life or lease term plus renewal option

Tangible capital assets under construction or development are recorded as work in progress with no amortization until the asset is placed in service. Capital lease agreements are recorded as a liability and a corresponding asset based on the present value of any payments due. The present value is based on the specified rate or the government's borrowing rate at the time the obligation is incurred. Operating leases are charged to expenses. Works of art, historical treasures and crown lands are not recorded.

(h) Pension, retirement and other future benefits

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government contributes at a rate of 2.14 times (2004 - 2.14 times) the employee's contribution. The Government's contributions are charged as an expense on a current year basis and represents the total pension obligations. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

Pension benefits to Members of the Legislative Assembly and judges are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates, the adjustments needed are amortized over the estimated average remaining service lives of the contributors.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Pension, retirement and other employee future benefits (continued)

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, severance and removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. The cost of the benefits has been determined based on management's best estimates using expected compensation levels and employee leave credits.

(i) Commitments and contingencies

The nature of the Government's activities requires entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual commitments pertain to operating, commercial and residential leases, capital projects, and operational funding commitments.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur and is quantifiable, an estimated liability is recorded. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed. Contingent liabilities result from potential environmental contingencies or pending litigation and like items.

(j) Grant from Canada

The Grant from Canada is pursuant to Bill C-24: *An Act to amend the Federal-Provincial Fiscal Arrangements Act and to make consequential amendments to other Acts (fiscal equalization payments and funding to the territories)*. The Grant entitlement is a fixed amount for the 2004-2005 fiscal year with prior year adjustments depending on a number of variables, including population growth, provincial-local government spending growth, Government of the Northwest Territories revenues and other federal transfers.

(k) Projects for Canada, Nunavut and others

The Government undertakes projects for Canada, Nunavut and others. Where possible the Government receives accountable advances and any unexpended balances remaining at year end are recorded as current liabilities. Recoveries are accrued when expenses, as allowed under the project contract, exceed advances.

(l) Taxes

Corporate and Personal Income tax revenue is recognized on an accrual basis. Taxes, under the *Income Tax Act*, are collected by Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on Canada's Department of Finance's estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final.

Fuel, tobacco and payroll taxes are levied under the authority of the *Petroleum Products Tax Act*, the *Tobacco Tax Act* and the *Payroll Tax Act* respectively. Revenues are recognized on an accrual basis based on the statements received from collectors or employers. Adjustments from reassessments are recorded in revenue in the year they are identified. Property tax and school levies are assessed on a calendar year basis and are recognized on an accrual basis in the fiscal year in which the calendar year ends.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Transfer payments and other revenues

Transfer payments are recognized as revenue on an accrual basis unless for a specified purpose. Transfer payments and other funding received for specified purpose is deferred until the related expenses are incurred.

Licenses, fees and permits are recorded on a cash basis. All other revenues are recorded on an accrual basis.

(n) Expenses

Expenses are recorded on an accrual basis in the year in which the related goods and services are utilized. Government grants and contributions are expensed in the period to which they relate.

(o) Recoveries of prior years' expenses

Recoveries of prior years' expenses and reversals of prior years' expense accruals are reported separately from other revenues on the statement of operations and accumulated surplus. Pursuant to the *Financial Administration Act*, these recoveries cannot be used to increase the amount appropriated for current year expenses.

(p) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Foreign currency transactions are translated into Canadian dollars using rates in effect at the time the transactions were entered into. All exchange gains and losses are included in net income for the year according to the activities to which they relate.

3. CASH

	2005	2004
	(thousands of dollars)	
Cash in bank	$ 14,212	$ 13,996
Overdraft at bank	(72,208)	(25,472)
Outstanding items	70,655	29,139
	$ 12,659	**$ 17,663**

The Government has a line of credit provided by a chartered bank. There are no fixed repayment terms and the overdraft limits are negotiated over the year based on the forecasted cash flows and borrowing requirements of the Government. The overdraft interest rate is based on prime and the collateral is on the Consolidated Revenue Fund of the Government. Interest is only charged when there is a net overdraft balance of the Government and its pool participants. Interest paid in 2005 was $3,165 (2004 - $3,090). The average borrowing rate during the year was 4.01% (2004 - 4.63%). As at March 31, 2005 there was no net overdraft balance (2004 - nil).

4. SHORT-TERM INVESTMENTS

The surplus cash of the Government is pooled with the surplus cash of certain Territorial Crown Corporations, boards and agencies. This investment pool is invested in a diversified portfolio of high grade, short and long term income producing assets.

At March 31, 2005 the investment pool had total investments of $320 million (2004 - $48 million). The Government's portion of this is $241,895,000 (2004 - $7,296,000). The eligible classes of securities, categories of issuers, limits and terms are approved under the Government's investment guidelines, Financial Administration Act and Investment Regulations. All short-term instruments, depending on the investment class, are rated R-1 Low or better from the Dominion Bond Rating Service Ltd. Investments are diversified limiting them, depending on the type of investment, to a maximum of 10% to 50% of the total portfolio. There is no significant concentration in any one investment.

At March 31, 2005 the average term to maturity was 40 days (2004 - 17 days). The portfolio yield for the year varied from 1.99% to 2.55% (2004 - 2.16% to 3.24%). In 2005 the Government earned interest on short-term investments of $5,427,000 (2004 - $1,710,000).

5. ACCOUNTS RECEIVABLE

	2005	2004
	(thousands of dollars)	
General	$ 28,288	$ 16,057
Government of Nunavut	6,852	7,935
Revolving funds sales	3,887	4,305
Accrued interest	825	126
	39,852	28,423
Less: allowance for doubtful accounts	13,013	6,102
	26,839	**22,321**
Receivables from related parties:		
Aurora College	1,416	711
Divisional Education Councils and District Education Authorities	3,575	3,124
Hospitals and Regional Health Boards	4,760	1,589
Northwest Territories Development Corporation	83	148
Northwest Territories Housing Corporation	490	1,734
Northwest Territories Power Corporation	3,308	3,533
	13,632	**10,839**
	$ 40,471	**$ 33,160**

During the year, $554,000 in accounts receivable (2004 - $145,000) were written off and $541,000 (2004 - $477,000) were forgiven.

6. INVENTORIES AND PREPAID EXPENSES

	2005	2004
	(thousands of dollars)	
Inventories for resale		
Bulk fuels	$ 5,048	$ 3,863
Liquor products	2,668	2,868
Public stores	138	114
	7,854	**6,845**
Prepaid operational expenses	**4,332**	**4,591**
	$ 12,186	**$ 11,436**

Bulk fuel inventory write-down for 2005 was $109,000 (2004 - $115,000).

7. DESIGNATED CASH AND INVESTMENTS

	2005	2004
	(thousands of dollars)	
Investment portfolio:		
Marketable securities (market value $22,948,000; 2004-$12,909,000)	$ 20,375	$ 12,163
Treasury bills (market value approximates cost)	1,321	9,035
Cash and other assets (market value approximates cost)	121	110
	21,817	**21,308**
Students Loan Fund:		
Authorized limit	33,000	33,000
Less: loans receivable	29,427	28,079
Segregated and designated for new loans	**3,573**	**4,921**
	$ 25,390	**$ 26,229**

The cash, treasury bills and marketable securities held in the investment portfolio, while forming part of the Consolidated Revenue Fund, are designated for the purpose of meeting the obligations of the Legislative Assembly Supplementary Retiring Allowance Plan I. The assets in the investment portfolio are managed by McLean Budden and UBS Global Asset Management. Supplementary Retiring Allowances Regulations restrict the investments McLean Budden and UBS Global Asset Management can make to those listed in the *Pension Benefits Standards Act*.

7. DESIGNATED CASH AND INVESTMENTS (continued)

The proportionate asset mix in the investment portfolio is as follows as at:

	2005 %	2004 %
Canadian stocks	17.05	17.96
Cash and other assets	6.61	5.73
Corporate bonds	5.17	13.08
Federal bonds	26.42	18.28
Foreign stocks	35.51	33.98
Provincial bonds	9.24	10.97
	100.00	100.00

The average market yield on the portfolio is 0.5% (2004 - 2.7%) with maturity dates ranging from April 2005 to March 2036. The income from investments, including interest, dividends and gains or losses on disposal was $1,437,000 (2004 - $2,640,000).

8. LOANS RECEIVABLE

	2005	2004
	(thousands of dollars)	
Working Capital advances to the Northwest Territories Business Credit Corporation. The term is indeterminate with the option to repay any portion of principal on any interest payment date. Interest is calculated at selected Government of Canada three year bond rates at the end of the month	$ 35,897	$ 35,578
Students Loan Fund loans due in installments to 2017, bearing interest between 1.5% and 11.75%, net of allowance for doubtful accounts and loan remissions of $20,268,000 (2004 - $18,579,000)	9,159	9,500
Northwest Territories Power Corporation $20,000,000 line of credit, secured by a promissory notes, bearing interest between 1.99% and 2.55%	10,000	8,000
Loans to municipalities due in installments to 2026, bearing an interest of 11.27%	-	2,618
Other	2,110	2,372
	$ 57,166	**$ 58,068**

The amount that is expected to be received in the current year is $2,729,000 (2004 - $2,807,000). The interest earned on loans receivable during the year was $2,148,000 (2004 - $1,801,000).

8. LOANS RECEIVABLE (continued)

During the year, the following amounts were written off or forgiven with proper authority:

	2005	2004
	(thousands of dollars)	
Students Loan Fund:		
Forgivable loan remissions, including interest	$ 1,080	$ 1,620
Write-offs	86	291
	$ 1,166	**$ 1,911**

9. SHORT-TERM LOANS

There were no short-term loans as at March 31, 2005 (2004 -nil). The borrowing limit under the *Borrowing Authorization Act* is $175 million.

10. DUE TO CANADA

	2005	2004
	(thousands of dollars)	
Grant receivable (repayable)		
Grant per financing agreement	$ 710,675	$ 853,568
Less payments received	(911,558)	(633,377)
	(200,883)	220,191
Balance receivable at beginning of year	237,800	17,609
	36,917	237,800
Other receivables:		
Indian and Inuit hospital and medical care	14,653	19,205
Projects on behalf of Canada	17,094	13,917
Miscellaneous receivables	13,098	16,731
	81,762	**287,653**
Other payables:		
Advances for projects on behalf of Canada	(1,808)	(323)
Excess income tax advanced	(385,403)	(324,201)
Miscellaneous payables	(15,968)	(12,933)
Deferred funding for specified purposes	(6,436)	(7,295)
	(409,615)	**(344,752)**
	$ (327,853)	**$ (57,099)**

The amounts due to Canada are non-interest bearing.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2005	2004
	(thousands of dollars)	
Trade	$ 85,971	$ 65,469
Other liabilities, payroll deductions and contractors' holdbacks	15,160	14,042
Government of Nunavut	16	29
Employee vacation pay	11,206	10,411
Deferred revenue	1,433	397
Provision for equal pay settlement	8,223	10,632
	122,009	**100,980**
Payables to related parties:		
Aurora College	1,013	804
Divisional Education Councils and District Education Authorities	431	289
Hospitals and Regional Health Boards	11,186	10,290
Northwest Territories Development Corporation	4	48
Northwest Territories Housing Corporation	73	876
Northwest Territories Power Corporation	850	1,007
Workers' Compensation Board (Northwest Territories and Nunavut)	5	611
	13,562	**13,925**
	$ 135,571	**$ 114,905**

12. CAPITAL LEASE OBLIGATIONS

	2005	2004
	(thousands of dollars)	
Buildings	**$ 12,035**	**$ 13,110**

Interest expense related to capital lease obligations for the year was $1,566,000 (2004 - $1,692,000), at an implied average interest rate of 12.5%, (2004 - 11.9%). Capital lease obligations are based upon contractual minimum lease obligations for the leases in effect as of March 31, 2005.

		(thousands of dollars)
	2006	$ 2,641
	2007	2,641
	2008	2,641
	2009	2,044
	2010	1,617
	Beyond 2010	7,940
Total minimum lease payments		19,524
Less: imputed interest 11.9%		7,489
Present value of minimum lease payments		**$ 12,035**

13. LONG-TERM DEBT

	2005	2004
	(thousands of dollars)	
Mortgage payable to Canada Mortgage and Housing Corporation, repayable in monthly installments of $9,474, matured September 2004, bearing interest at 5.77%, terms remain in place while mortgage being renegotiated	$ 1,333	$ 1,364

Annual principal repayments are due as follows:		(thousands of dollars)
	2006	$ 46
	2007	41
	2008	44
	2009	46
	2010	49
	Beyond 2010	1,107
		$ 1,333

Interest paid during the year was $64,000 (2004 - $32,000).

14. PENSION, RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS

	2005	2004
	(thousands of dollars)	
Pension Liabilities		
Legislative Assembly Supplementary Retiring Allowance Plan	19,065	18,417
Judges' Supplemental Pension Plan	2,437	2,120
	21,502	**20,537**
Employee Future Benefits		
Resignation	$ 14,540	$ 13,604
Removal	5,545	5,317
Retirement	4,197	3,568
	24,282	**22,489**
Total	**$ 45,784**	**$ 43,026**

The expected payments for employee future benefits in the current year are $2,768,000 (2004 - $2,428,000).

14. PENSION, RETIREMENT AND OTHER EMPLOYEE FUTURE BENEFITS (continued)

Pension Expense

Pension expense for the Legislative Assembly Retiring Allowances Fund, the Territorial Court Judges' Registered Pension Plan, the Legislative Assembly Supplementary Retiring Allowance Plan and Judges' Supplemental Pension Plan for the year totaled $1,650,000 (2004 - $1,555,000). The Government's contributions to the Public Service Superannuation Plan were $19,638,000 (2004 - $19,699,000). The employees' contributions to the Public Service Superannuation Plan were $8,114,000 (2004 - $9,205,000).

Supplementary Pension Plans

The Government maintains the Legislative Assembly Retiring Allowances Fund and the Territorial Court Judges' Registered Pension Plan. Both plans are contributory defined benefit pension plans. These two pension plans are fully funded, consequently the Government has no net liabilities as at March 31, 2005 (2004 - nil). The funds related to these plans are administered by independent trust companies. As well there are three supplementary plans known as the Legislative Assembly Supplementary Retiring Allowance Plans I and II and the Judges' Supplemental Pension Plan. These three plans are non-contributory defined benefit pension plans. The Government is liable for all benefits. Benefits provided under all five plans are based on years of service and earnings.

Actuarial valuations were completed for the Legislative Assembly Retiring Allowances Fund and Legislative Assembly Supplementary Retiring Allowance Plans and the Judges' plans as of April 1, 2004, using the projected benefit method prorated on service. The valuations are based on a number of actuarial assumptions about matters such as mortality, service, withdrawal, earnings and interest rates. The assumptions are based on the Government's best estimates of expected long-term rates and short-term forecasts. The three Legislative Assembly Plans' and the Judges' plans' actuarial valuations were extrapolated to January 31, 2005 and March 31, 2005 respectively.

15. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions relate to the portion of a tangible capital asset that was gifted from or cost shared with Canada. The most significant of these assets are roads and airports. The capital contributions are deferred and amortized to revenue over the same life as the related asset.

	2005	**2004**
	(thousands of dollars)	
Deferred capital contributions at beginning of year	$ 213,210	$ 215,083
Add: Assets gifted or cost shared during the year	2,774	11,217
Less: Amortization of capital contributions	(12,987)	(13,090)
Deferred capital contributions at end of year	**$ 202,997**	**$ 213,210**

16. PETROLEUM PRODUCTS STABILIZATION FUND

The Petroleum Products Stabilization Fund is included in the accumulated surplus. The purpose of the Fund is to stabilize the prices of petroleum products purchased, sold and distributed by the Government. The net revenues or expenses of the Petroleum Products Stabilization Fund are charged to the Stabilization Fund. The accumulated surplus or deficit balance in the fund cannot exceed $5,000,000.

	2005	2004
	(thousands of dollars)	
Surplus at beginning of the year	$ 457	$ 455
Plus: Petroleum Products Stabilization Fund - Annual operating surplus	15	2
Surplus at end of the year	**$ 472**	**$ 457**

17. TRUST ASSETS UNDER ADMINISTRATION

The Government administers trust assets on behalf of third parties, which are not included in the reported Government assets and liabilities. These consist of cash, term deposits, investments, real estate, and other sundry assets.

	2005	2004
	(thousands of dollars)	
Correctional institutions and Other	$ 212	$ 245
Public Trustee	3,267	2,896
Natural resources - Capital	221	188
Supreme and Territorial courts	632	841
Workers' Compensation Board (Northwest Territories and Nunavut)	272,457	258,215
	$ 276,789	**$ 262,385**

The Workers' Compensation Board's (Northwest Territories and Nunavut) fiscal year end is December 31. Its most recent financial statements and those of the Public Trustee are reproduced in Section III of the Public Accounts of the Government.

18. COMMITMENTS

The Government has entered into agreements for, or is contractually committed to, the following expenses to be incurred subsequent to March 31, 2005:

	Expiry Date	2006	2007-2026	Total
			(thousands of dollars)	
Operational commitments	2013	$ 18,198	$ 17,522	$ 35,720
Commercial leases	2019	9,914	32,567	42,481
RCMP Policing Agreement	2012	24,030	168,210	192,240
Capital commitments				
- Projects in progress at March 31, 2005	2008	16,516	2,066	18,582
Equipment leases	2010	932	815	1,747
Commissions Commitment	2010	1,445	2,892	4,337
Western Harvesters' Assistance Program	2006	134	-	134
		$ 71,169	**$ 224,072**	**$ 295,241**

Chargeback of Services

The Government has 3 (2004 - 7) cost recovery service agreements with the Government of Nunavut for the provision of various corporate and program delivery services. The expenses on and costs recovered from these projects on behalf of Nunavut are estimated at $1,776,000 for the fiscal year 2005-2006 (2004 - $9,920,000) .

19. CONTINGENCIES

(a) Contingent liabilities

The Government is contingently liable for the following guarantees:

	(thousands of dollars)
Debentures issued by the Northwest Territories Power Corporation, maturing from 2009 to 2034	$ 140,183
Loans payable by the Northwest Territories Housing Corporation	26,053
Guaranteed operating lines of credit *	11,199
Northwest Territories Opportunities Fund	32,000
Guaranteed residential housing loans	11,400
Uninsured loss	424
	$ 221,259

* The Government has guaranteed operating lines of credit for Arslanian Cutting Works (NWT) Ltd. to a maximum of $9,000,000 and Deh Cho Bridge Corporation Ltd. to a maximum of $3,000,000. At March 31, 2005, balances on the operating lines of credit are $8,990,000 and $2,209,000 respectively.

19. CONTINGENCIES (continued)

(a) Contingent liabilities (continued)

In addition, the Government had guaranteed an operating line of credit for Sirius Diamonds NWT Ltd. in the amount of $7,960,000. Due to defaults under the guarantee agreement with the Government and the Royal Bank of Canada's intent to call the loan due from Sirius, the Government proceeded with the court appointment of an Interim Receiver and subsequently a Receiver. The Receiver has arranged for the sale of the assets of Sirius Diamonds NWT Ltd.; however, the proceeds will be insufficient to address the costs of the Receivership and payout to the Royal Bank of Canada. The Government has made provision for an estimated loss of $6,509,000.

Additionally, the Government has provided a guarantee to the Canadian Blood Agency and Canadian Blood Services to cover a share of potential claims made by users of the national blood supply. The Government's share is limited to the Northwest Territories' population to the Canadian population.

(b) Environmental restoration costs

As circumstances and funding have permitted, the Government has been identifying sites of potential liability and remediating the sites as necessary. As of March 31, 2005 the Government has 115 sites, excluding fuel caches, that have been identified as possibly requiring environmental restoration. Of these sites, 88 have had either initial evaluations or have a plan in place to complete evaluation and/or remediation. The remaining 27 sites require initial or additional studies to determine the existence and/or extent of the environmental liability.

The Department of Resources, Wildlife and Economic Development maintains bulk fuel and forest fire suppression chemical storage facilities at 18 air tanker and helibase locations. These facilities are located within or adjacent to 13 communities. A Phase I and II environmental site assessment was completed on each of these facilities by the Department. The need for remedial actions or further assessment has been identified for 7 of these sites.

In addition, during 2005, the Department of Resources, Wildlife and Economic Development maintained 17 active fuel caches within communities, at locations other than those indicated above, and 92 active fuel caches at locations a distance from communities. Environmental site assessments have not been undertaken at these sites due to the relatively small number of drums on-site at any time (with the potential for limited local contamination) or the remoteness of the location. As these sites are re-supplied, each is inspected for potential environmental liabilities. The Department of Resources, Wildlife and Economic Development also maintains 58 inactive fuel caches where no fuel drums were stored during 2005. 15 of these inactive sites have been identified as requiring some measure of remediation.

In the case of the Petroleum Products Stabilization Fund (PPRF) comprehensive site assessments at each of its bulk fuel storage pipeline distribution systems have been completed (included in sites with plans in place above). The assessments confirmed that hydrocarbon contamination is present in varying levels at all sites. There have been nine Phase III Assessments and one Risk Assessment completed to date. Costs cannot be obtained until remediation has commenced and the scope of work is established. Remediation plans have been prepared to reduce these liabilities over the next five to ten years.

The Government will continue with its program of site inspection, assessment and remediation on an ongoing basis. In those cases where the cost of remediating sites is quantifiable, an estimated liability is accrued. As at March 31, 2005 the Government has recorded a $23.75 million liability for the above ground remediation of Giant Mine. The estimated cost for Canada's share of the clean-up is $300 million and includes both below and above ground remediation. The remaining sites do not yet have cost estimates of sufficient accuracy to predict the future costs, consequently, no liabilities have been accrued.

19. CONTINGENCIES (continued)

(c) Litigation

More individuals have come forward alleging abuse by a former school teacher in Nunavut, formerly party of the Northwest Territories. Pursuant to agreements negotiated prior to the division of the territories, the Governments of the Northwest Territories and Nunavut will jointly defend the suits. The cost of defending this action and any damages that may eventually be awarded will be shared by the two Governments 56.66% and 44.34% respectively. An estimate of the Government of the Northwest Territories share of the loss arising from these suits has been accrued, however the final outcome may vary significantly from this estimate.

A number of new cases of alleged sexual abuse by former Government of the Northwest Territories employees or contractors have been filed, or are pending against the Government, in addition to the case disclosed above. The Northwest Territories and Nunavut will jointly defend any such proceedings and the cost of defending these actions and any damages that may eventually be awarded will be shared by the Governments 56.66% and 44.34% respectively. An estimate of any potential liability that may result from these actions is not determinable at this time, consequently no liability has been accrued.

A claim related to the construction of the hydro system on the Taltson River has been filed against the Government, the Northwest Territories Power Corporation and the Government of Canada. It is anticipated that no significant loss will result from this claim.

(d) Grant, Transfer Payments and Taxes

The Grants from Canada for both 2004-2005 and 2005-2006 were changed to a legislated fixed amount as outcomes of the October 2004 First Ministers' Meetings. The legislated amount includes a provision for prior year adjustments to the 2004-2005 Grant but only for data known as of March 31, 2005. As a consequence, the Grant from Canada, other transfer payments and own source revenues are no longer inter-related. In addition the year-to-year fluctuations in corporate and personal income tax revenue, detailed in note 2(l), will have no impact on the Grant from Canada for 2004-2005 and 2005-2006. However, fluctuations in corporate and personal income tax still influences other transfer payments from Canada, most notably the Canada Social Transfer and the Canada Health Transfer.

The corporate and personal income tax revenue recognized in any one year is based on an estimate as described in note 2(l). Income tax determined by Canada combines actual assessments with an estimate that assumes that previous years' income tax levels will be sustained and are subject to revisions in future years. Differences between current estimates and future actual amounts can be significant. Any such differences will be recognized when the actual tax assessments are finalized in future years.

In the 2000 tax year a Northwest Territories corporate taxpayer paid Northwest Territories corporate income tax on a capital gain resulting from the disposition of publicly traded shares. In the 2003 tax year the same corporation incurred a large capital loss and applied for a $162 million refund of Northwest Territories corporate income tax to be carried back to the 2000 tax year. The Canada Revenue Agency has reviewed the claim and determined that $36 million may be be carried back to the 2000 tax year, however the taxpayer has the right to appeal the Canada Revenue Agency's determination. The *Formula Financing Agreement* is currently under review and the possible impact on the Grant from Canada arising from this refund can not be determined at this time.

20. RELATED PARTIES

Transactions with related parties and balances at year-end, not disclosed elsewhere in the financial statements, are disclosed in this note. During the year the Government made grants and contributions to the following related parties.

	2005	2004
	(thousands of dollars)	
Hospitals and Regional Health Boards	$ 184,963	$ 171,808
Divisional Education Councils and District Education Authorities	113,355	108,450
Northwest Territories Housing Corporation	54,160	53,311
Aurora College	25,782	23,476
Northwest Territories Development Corporation	3,200	3,345
Northwest Territories Business Credit Corporation	796	807
	$ 382,256	**$ 361,197**

The Government funds communities, boards and agencies and other organizations offering services to the public. These organizations operate independently of normal Government operations. The Government may be held responsible for any liabilities or deficits on behalf of boards and agencies. An estimate of the potential liability, if any, cannot be determined.

Under agreements with related boards and agencies, the Government provides services at cost or for a service fee where direct costs cannot be determined. The fees charged for indirect costs are not necessarily the cost of providing those services. Services provided included personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal and interpretation services. Direct costs of $90,398,000 (2004 - $87,935,000) were incurred and recovered from related parties.

The Government of the Northwest Territories receives dividend revenue in return for its investment in the Northwest Territories Power Corporation. Dividend revenue for the current year is $3,300,000 (2004 - $3,500,000).

21. SUBSEQUENT EVENTS

On April 1, 2005 the Department of Resources, Wildlife and Economic Resources reorganized into two separate departments. The Department of Industry, Tourism and Investment will be responsible for economic development and the Department of Environment and Natural Resources will be responsible for resources and wildlife.

Government of the Northwest Territories Schedule A

Non-Consolidated Schedule of Revenues by Source (unaudited)

March 31, (thousands of dollars)	2005		2004
	Main Estimates (note 1c)	Actual	Actual
Revenue from Canada			
Grant	$ 614,877	$ 710,675	$ 853,568
Transfer payments	68,171	69,222	60,869
	683,048	779,897	914,437
Taxation			
Corporate Income Tax	31,750	3,508	(224,537)
Personal Income Tax	57,376	51,811	51,569
Fuel	17,804	19,452	17,271
Tobacco	15,406	14,379	15,242
Payroll	17,377	17,062	13,766
Property tax and school levies	13,912	14,406	10,092
Insurance	2,150	2,869	2,880
	155,775	123,487	(113,717)
Recoveries			
Program	16,267	13,417	8,156
Service	1,183	1,297	1,333
Lease and accommodations	1,225	1,892	1,513
Commodity sales	57	28	91
Salary recoveries - boards and agencies		-	74
Asset sales - furniture	100	129	104
Insurance proceeds	60	323	747
Transportation	48	77	53
Amortization of capital contributions (note 14)	13,209	12,987	13,090
	32,149	30,150	25,161
General			
Revolving Funds net revenue	20,953	19,929	20,028
Regulatory revenues	11,399	12,176	11,653
Other general revenues	2,471	1,987	1,708
Investment income	6,526	9,019	6,425
Gain on disposal of tangible capital assets	793	8	271
	42,142	43,119	40,085
Grants in Kind	396	405	1,784
Total Revenues	**$ 913,510**	**$ 977,058**	**$ 867,750**

Government of the Northwest Territories Schedule B

Non-Consolidated Schedule of Expenses (unaudited)

March 31, (thousands of dollars)							2005	2004
	Main Estimates (note 1c)	Compensation and Benefits	Grants and Contributions	Valuation Allowances	Other	Amortization	Total Expenses	Total Expenses
Legislative Assembly	$ 14,963	$ 5,512	$ 390	$ -	$ 7,277	$ 717	$ 13,896	$ 14,381
Executive	49,590	24,872	11,478	3,508	10,506	944	51,308	51,661
Finance	7,354	3,527	-	531	3,049	-	7,107	6,975
Municipal and Community Affairs	77,397	12,603	58,089	40	5,260	2,012	78,004	77,496
Public Works and Services	44,639	17,089	282	-	23,846	2,560	43,777	44,298
Health and Social Services	246,978	14,154	191,307	-	47,902	5,543	258,906	238,243
Justice	79,973	40,402	1,772	6	36,933	1,962	81,075	78,036
NWT Housing Corporation	53,047	-	54,160	-	-	-	54,160	53,311
Education, Culture and Employment	213,705	15,608	165,193	3,421	27,608	8,191	220,021	213,808
Transportation	76,940	25,220	498	31	29,475	22,690	77,914	73,493
Resources, Wildlife and Economic Development	85,575	34,810	13,257	110	62,486	825	111,488	84,643
Total 2005	**$ 950,161**	**$ 193,797**	**$ 496,426**	**$ 7,647**	**$ 254,342**	**$ 45,444**	**$ 997,656**	
Total 2004	**$ 923,911**	$ 189,184	$ 473,657	$ 2,143	$ 227,566	$ 43,795		**$ 936,345**

Government of the Northwest Territories Schedule C

Non-Consolidated Schedule of Tangible Capital Assets (unaudited)

As at March 31, (thousands of dollars)	Land	Buildings	Other*	Leasehold Improvements	Equipment	Computers	2005	2004
Cost of tangible capital assets, opening	$ 1,572	$ 661,604	$ 625,635	$ 19,812	$ 49,154	$ 25,558	$ 1,383,335	$ 1,306,368
Acquisitions	-	58,075	40,547	669	6,234	5,467	110,992	82,244
Disposals	-	(3,314)	-	-	(623)	-	(3,937)	(5,277)
Cost of tangible capital assets, closing	1,572	716,365	666,182	20,481	54,765	31,025	1,490,390	1,383,335
Accumulated amortization, opening	-	(236,501)	(201,490)	(11,963)	(26,364)	(14,386)	(490,704)	(449,194)
Amortization expense	-	(21,378)	(17,214)	(1,381)	(2,766)	(2,704)	(45,443)	(43,795)
Write-downs	-	-	-	-	(502)	-	(502)	(8)
Disposals	-	2,992	-	-	152	-	3,144	2,293
Accumulated amortization, closing	-	(254,887)	(218,704)	(13,344)	(29,480)	(17,090)	(533,505)	(490,704)
Net book value	**$ 1,572**	**$ 461,478**	**$ 447,478**	**$ 7,137**	**$ 25,285**	**$ 13,935**	956,885	892,631
Work in progress							**57,239**	**91,408**
							$ 1,014,124	**$ 984,039**

* includes roads, bridges, airstrips, aprons and water/sewer works

Change in tangible capital asset net book value	2005	2004
Acquisitions	$ 76,823	$ 84,746
Disposals/write-downs	(1,295)	(2,992)
Amortization	(45,443)	(43,795)
Increase	**$ 30,085**	**$ 37,959**

Government of the Northwest Territories

Schedule 1

Non-Consolidated Schedule of Revenues

for the year ended March 31, 2005
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Increases (Decreases)	Revised Main Estimates	Actual Revenues	Over(Under) Estimates
Legislative Assembly					
Recoveries					
Merchandise	$ 9	$ -	$ 9	$ 3	$ (6)
Concessions	4	-	4	-	(4)
Publications	3	-	3	2	(1)
Sale of Surplus Assets	-	-	-	1	1
Gain (loss) on investments	-	-	-	1,437	1,437
	16	**-**	**16**	**1,443**	**1,427**
Executive					
Executive Offices					
Recoveries					
Third Party	-	**65**	**65**	60	(5)
Financial Management Board Secretariat					
Recoveries					
NTPC dividend	4,000	(500)	3,500	3,300	(200)
Other	-	-	-	-	-
	4,000	(500)	3,500	3,300	(200)
General revenue					
Interest	16	120	136	2	(134)
Fees	4	-	4	10	6
Grant in Kind	-	120	120	120	-
	20	240	260	132	(128)
	4,020	**(195)**	**3,825**	**3,492**	**(333)**
Finance					
Operating Grant - Canada	614,877	88,486	703,363	710,675	7,312
Transfer Payments					
Canadian Health and Social Transfer	-	245	245	(1,337)	(1,582)
Canada Health Transfer and Reform Fund	15,467	2,985	18,452	17,007	1,445
Canada Social Transfer	8,354	191	8,545	8,152	393
	23,821	3,421	27,242	23,822	256

Government of the Northwest Territories

Schedule 1
(continued)

Non-Consolidated Schedule of Revenues

for the year ended March 31, 2005
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Increases (Decreases)	Revised Main Estimates	Actual Revenues	Over(Under) Estimates
Finance (continued)					
Recoveries					
Investment pool costs	187	-	187	250	63
Insured and third party	60	-	60	323	263
	247	-	247	573	326
Taxation					
Corporate	31,750	14,580	46,330	3,508	(42,822)
Personal	57,376	(1,108)	56,268	51,811	(4,457)
Fuel	17,804	(331)	17,473	19,452	1,979
Tobacco	15,406	(346)	15,060	14,379	(681)
Payroll	17,377	(1,128)	16,249	17,062	813
Property tax and school levies	13,912	(166)	13,746	14,406	660
Insurance	2,150	-	2,150	2,869	719
	155,775	11,501	167,276	123,487	(43,789)
General revenue					
Liquor Commission	20,853	(1,506)	19,347	19,898	551
Municipal interest	288	-	288	188	(100)
Investment interest	3,868	1,432	5,300	5,428	128
Fees	170	-	170	202	32
CHST - Trust Interest	198	-	198	170	(28)
	25,377	(74)	25,303	25,886	583
	820,097	**103,334**	**923,431**	**884,443**	**(35,312)**
Municipal and Community Affairs					
Grants					
Grants in Kind	-	494	494	-	(494)
Recoveries					
Land leases	975	-	975	1,619	644
Third party	155	-	155	156	1
	1,130	-	1,130	1,775	645
General revenue					
Fees	125	-	125	165	40
Licenses	115	-	115	119	4
Interest	-	-	-	37	37
Lease revenue	-	-	-	12	12
Deferred Capital Contributions	693	-	693	8	(685)
	933	-	933	341	(592)
	2,063	**494**	**2,557**	**2,116**	**(441)**

Government of the Northwest Territories

Schedule 1
(continued)

Non-Consolidated Schedule of Revenues

for the year ended March 31, 2005
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Increases (Decreases)	Revised Main Estimates	Actual Revenues	Over(Under) Estimates
Public Works and Services					
Transfer payments					
Federal programs	35	-	35	37	2
Grants					
Grants in Kind	396	-	396	405	9
Recoveries					
Water and sewer maintenance	669	-	669	704	35
Commercial leases	230	-	230	248	18
Chargebacks	130	(4)	126	126	-
Sale of Surplus Assets	100	-	100	128	28
Utility services	50	-	50	50	-
Parking stall rentals	16	-	16	13	(3)
	1,195	(4)	1,191	1,269	78
General revenue					
Permits	435	-	435	459	24
Fees	293	-	293	270	(23)
Inspections	60	-	60	58	(2)
Registrations	-	-	-	50	50
Nunavut administration fees	-	-	-	1	1
Gain on sale of assets	100	-	100	-	(100)
	888	-	888	838	(50)
	2,514	**(4)**	**2,510**	**2,549**	**39**
Health and Social Services					
Transfer payments					
Federal cost shared	30,801	162	30,963	30,801	(162)
Canadian Health and Social Transfer	5,917	-	5,917	6,079	162
Federal programs	-	-	-	178	178
	36,718	162	36,880	37,058	178
Recoveries					
Program recipient	11,126	-	11,126	8,817	(2,309)
Third party	-	-	-	154	154
Capital Contributions	1,532	-	1,532	1,283	(249)
	12,658	-	12,658	10,254	(2,404)
General revenue					
Licenses	100	-	100	109	9
Fees	50	-	50	111	61
	150	-	150	220	70
	49,526	**162**	**49,688**	**47,532**	**(2,156)**

Government of the Northwest Territories

Schedule 1
(continued)

Non-Consolidated Schedule of Revenues

for the year ended March 31, 2005
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Increases (Decreases)	Revised Main Estimates	Actual Revenues	Over(Under) Estimates
Justice					
Transfer payments					
Federal cost shared	6,527	-	6,527	7,352	825
Federal programs	70	-	70	13	(57)
	6,597	-	6,597	7,365	768
Recoveries					
Air charter	48	-	48	77	29
Program recipient	39	-	39	16	(23)
Publications	16	-	16	15	(1)
Room and board	4	-	4	7	3
	107	-	107	115	8
General revenue					
Fees	3,329	-	3,329	3,731	402
Fines	383	-	383	479	96
Interest	-	-	-	1	1
	3,712	-	3,712	4,211	499
	10,416	**-**	**10,416**	**11,691**	**1,275**
Education, Culture and Employment					
Transfer payments					
Federal programs	1,000	-	1,000	940	(60)
Recoveries					
Concessions	15	-	15	8	(7)
Utility Services	-	-	-	47	47
Recoveries	20	-	20	1	-
Capital contributions	133	-	133	133	-
CMHC subsidies	-	-	-	-	-
	168	-	168	189	40
General revenue					
Interest	550	-	550	430	(120)
Exam and certification	2	-	2	10	8
Fees	1	-	1	-	(1)
Lease	-	-	-	5	-
Concession	-	-	-	36	-
	553	-	553	481	(113)
	1,721	**-**	**1,721**	**1,610**	**(133)**

Non-Consolidated Schedule of Revenues

for the year ended March 31, 2005
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Increases (Decreases)	Revised Main Estimates	Actual Revenues	Over(Under) Estimates
Transportation					
Recoveries					
Third party	612	167	779	743	(36)
Road / highway maintenance	147	-	147	120	(27)
Capital contributions	11,399	-	11,399	11,426	27
	12,158	167	12,325	12,289	(36)
General revenue					
Registrations	2,441	-	2,441	2,799	358
Fees	2,307	-	2,307	2,170	(137)
Lease	2,229	-	2,229	1,635	(594)
Licenses	474	-	474	368	(106)
Permits	209	-	209	213	4
Concession	242	-	242	304	62
Exam and certification	32	-	32	23	(9)
Interest	6	-	6	5	(1)
Inspections	1	-	1	1	-
	7,941	-	7,941	7,518	(423)
	20,099	**167**	**20,266**	**19,807**	**(459)**
Resources, Wildlife and Economic Development					
Recoveries					
User	315	-	315	168	(147)
Publications	10	-	10	-	(10)
Capital contributions	145	-	145	145	-
	470	-	470	313	(157)
General Revenue					
Investment interest	1,600	-	1,600	1,200	(400)
Licenses	833	-	833	807	(26)
Stores	100	-	100	32	(68)
Permits	-	-	-	1	1
Fees	35	-	35	22	(13)
	2,568	-	2,568	2,062	(506)
	3,038	**-**	**3,038**	**2,375**	**(663)**
Total operations and maintenance	**$ 913,510**	**$ 103,958**	**$1,017,468**	**$ 977,058**	**$ (36,756)**

Government of the Northwest Territories

Schedule 2

Non-Consolidated Schedule of Expenditures

for the year ended March 31, 2005
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Legislative Assembly						
Office of the Clerk	$ 7,838	$ 115	$ (115)	$ 7,838	$ 7,219	$ 619
Expenditures on Behalf of Members	5,315	-	-	5,315	5,073	242
Office of the Chief Electoral Officer	413	-	-	413	341	72
Statutory Offices	1,251	-	115	1,366	1,113	253
Office of the Speaker	146	-	-	146	150	(4)
	14,963	**115**	**-**	**15,078**	**13,896**	**1,182**
Executive						
Executives Offices						
Executive Offices	9,282	1,447	(4,653)	6,076	6,027	49
Ministers' Offices	3,730	-	-	3,730	3,642	88
Public Utilities Board	371	-	-	371	288	83
Beaufort Delta Regional Office	125	-	-	125	106	19
Commissioner's Office	242	-	-	242	240	2
	13,750	1,447	(4,653)	10,544	10,303	241
Financial Management Board Secretariat						
Government Accounting	11,898	-	-	11,898	10,545	1,353
Labour Relations and Compensation Services	7,576	323	25	7,924	7,280	644
Directorate	4,999	-	-	4,999	5,432	(433)
Budgeting and Evaluation	1,641	226	-	1,867	5,245	(3,378)
Audit Bureau	1,263	-	(25)	1,238	948	290
Corporate Human Resources	-	-	4,878	4,878	3,882	996
	27,377	549	4,878	32,804	33,332	(528)
Aboriginal Affairs	8,463	-	(225)	8,238	7,673	565
	49,590	**1,996**	**-**	**51,586**	**51,308**	**278**
Finance						
Treasury	4,472	605	(248)	4,829	4,255	574
Directorate	1,336	-	248	1,584	1,428	156
Bureau of Statistics	728	120	-	848	704	144
Fiscal Policy	818	-	-	818	720	98
	7,354	**725**	**-**	**8,079**	**7,107**	**972**

Government of the Northwest Territories

Schedule 2
(continued)

Non-Consolidated Schedule of Expenditures

for the year ended March 31, 2005
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Municipal and Community Affairs						
Regional Operations	60,272	3,129	3,816	67,217	64,637	2,580
Community Financial Services	1,196	-	-	1,196	859	337
Directorate	3,890	541	111	4,542	4,447	95
School of Community Government	2,169	-	-	2,169	2,068	101
Lands Administration	7,209	295	(4,110)	3,394	2,944	450
Sport, Recreation and Youth	1,031	-	233	1,264	1,536	(272)
Community Governance	772	-	-	772	625	147
Emergency Services	858	-	(50)	808	888	(80)
	77,397	**3,965**	**-**	**81,362**	**78,004**	**3,358**
Public Works and Services						
Asset Management	35,315	62	(150)	35,227	34,583	644
Directorate	7,763	-	150	7,913	7,714	199
Systems and Communications	799	-	-	799	759	40
Petroleum Products	762	-	-	762	721	41
	44,639	**62**	**-**	**44,701**	**43,777**	**924**
Health and Social Services						
Health Services Programs	132,247	12,250	(793)	143,704	143,681	23
Community Health Programs	61,601	726	(584)	61,743	59,079	2,664
Program Delivery Support	31,790	(291)	1,358	32,857	32,944	(87)
Supplementary Health Programs	15,043	1,883	178	17,104	17,840	(736)
Ministry and Corporate Services	6,297	50	(159)	6,188	5,362	826
	246,978	**14,618**	**-**	**261,596**	**258,906**	**2,690**
Justice						
Community Justice and Corrections	32,554	1,566	-	34,120	33,545	575
Law Enforcement	22,802	217	-	23,019	22,939	80
Registries and Court Services	10,013	434	49	10,496	10,046	450
Services to Government	10,455	105	(49)	10,511	10,418	93
Legal Aid Services	4,149	266	-	4,415	4,127	288
	79,973	**2,588**	**-**	**82,561**	**81,075**	**1,486**

Government of the Northwest Territories

Non-Consolidated Schedule of Expenditures

for the year ended March 31, 2005
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
NWT Housing Corporation	**53,047**	**1,113**	**-**	**54,160**	**54,160**	**-**
Education, Culture and Employment*						
Education and Culture	134,837	9,774	12	144,623	144,048	575
Advanced Education and Careers	72,428	214	(287)	72,355	69,145	3,210
Directorate and Administration	6,440	-	275	6,715	6,828	(113)
	213,705	**9,988**	**-**	**223,693**	**220,021**	**3,672**
Transportation						
Airports	21,931	433	-	22,364	22,577	(213)
Highways	37,325	1,154	26	38,505	37,898	607
Corporate Services	7,997	-	(26)	7,971	8,056	(85)
Ferries	5,528	147	-	5,675	5,684	(9)
Motor Vehicles	3,236	-	-	3,236	3,153	83
Community Local Access Roads	587	-	-	587	423	164
Community Marine	336	-	-	336	123	213
	76,940	**1,734**	**-**	**78,674**	**77,914**	**760**
Resources, Wildlife and Economic Development						
Resource Management and Economic Development	36,558	715	166	37,439	36,263	1,176
Forest Management	30,161	4,686	(19)	34,828	32,607	2,221
Corporate Management	15,925	865	(147)	16,643	16,859	(216)
Environmental Protection	2,931	20,025	-	22,956	25,759	(2,803)
	85,575	**26,291**	**-**	**111,866**	**111,488**	**378**
Total operations and maintenance	**$ 950,161**	**$ 63,195**	**$ -**	**$1,013,356**	**$ 997,656**	**$ 15,700**

Government of the Northwest Territories

Schedule 3

Non-Consolidated Schedule of Recoveries of Prior Years' Expenditures

for the year ended March 31, 2005
(thousands of dollars)

DEPARTMENT	Over-Accruals	Recoveries of Valuation Allowances	Other Recoveries	Total
Legislative Assembly	$ 6	$ -	$ 3	$ 9
Executive	133	-	68	201
Finance	-	-	2	2
Municipal and Community Affairs	-	-	135	135
Public Works and Services	212	-	81	293
Health and Social Services	477	1	38	516
Justice	172	-	183	355
Education, Culture and Employment	62	67	850	979
Transportation	459	-	9	468
Resources, Wildlife and Economic Development	623	-	143	766
	$ 2,144	**$ 68**	**$ 1,512**	**$ 3,724**

Government of the Northwest Territories

Schedule 4

Non-Consolidated Schedule of Summary of Capital Acquisitions

for the year ended March 31, 2005
(thousands of dollars)

DEPARTMENT	Main Estimates	Supplementary Estimates	Total Appropriation	Actual Expenditure
Legislative Assembly	$ 215	$ -	$ 215	$ 205
Executive	497	(54)	443	351
Finance	-	-	-	-
Municipal and Community Affairs	7,488	7,545	15,033	5,745
Public Works and Services	2,920	2,261	5,181	2,729
Health and Social Services	9,930	7,636	17,566	11,392
Justice	645	1,305	1,950	829
Education, Culture and Employment	9,609	8,926	18,535	11,097
Transportation	47,752	5,171	52,923	38,962
Resources, Wildlife and Economic Development	2,203	1,810	4,013	2,886
	$ 81,259	**$ 34,600**	**$ 115,859**	**$ 74,196**

Government of the Northwest Territories

Schedule 5

Non-Consolidated Schedule of Grants

for the year ended March 31, 2005
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Executive						
Executive Offices						
Native Women's Association (grant in kind)	$ 108	$ -	$ -	$ 108	$ 108	$ -
Women's Initiatives	50	-	2	52	51	1
Donation- Tsunami Relief Fund	-	-	50	50	50	-
	158	**-**	**52**	**210**	**209**	**1**
Financial Management Board Secretariat						
Deton'Cho Diamonds (grant in kind)	120	-	-	120	120	-
	120	**-**	**-**	**120**	**120**	**-**
Aboriginal Affairs						
Metis Nation	225	-	-	225	159	66
Aboriginal Organizations	75	-	-	75	178	(103)
	300	**-**	**-**	**300**	**337**	**(37)**
	578	**-**	**52**	**630**	**666**	**(36)**
Municipal and Community Affairs						
Community Government Funding	30,660	-	(471)	30,189	30,191	(2)
Grant in Lieu of Property Taxes	4,543	-	(245)	4,298	4,280	18
Additional Funding	3,433	-	-	3,433	3,431	2
Senior Citizens and Disabled Property Tax Relief- MTA	244	-	-	244	228	16
Community Government Funding - Extraordinary Funding	225	541	111	877	887	(10)
Sport North lease (grant in kind)	28	-	-	28	37	(9)
Yellowknife Assoc of Concerned Citizens						
Rae Airstrip Areodrome						
Senior Citizens and Disabled Persons						
Property Tax Relief- GTA	55	-	-	55	36	19
Grant-in-kind- Hamlet of Ft. McPherson	-	494	-	494	472	22
	39,188	**1,035**	**(605)**	**39,618**	**39,562**	**56**
Public Works and Services						
Management services for Rockhill Apartments (grant in kind)	260	-	-	260	260	-
	260	**-**	**-**	**260**	**260**	**-**
Health and Social Services						
Medical Profession	**25**	**-**	**-**	**25**	**25**	**-**

Government of the Northwest Territories

Schedule 5
(continued)

Non-Consolidated Schedule of Grants

for the year ended March 31, 2005
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Justice						
Aboriginal Court Challenges	40	-	-	40	5	35
Law Bursaries	30	-	-	30	40	(10)
National Justice issues	9	-	5	14	12	2
	79	**-**	**5**	**84**	**57**	**27**
Education, Culture and Employment						
Student Grants	8,578	-	480	9,058	8,918	140
Community Broadcasting	52	-	-	52	52	-
	8,630	**-**	**480**	**9,110**	**8,970**	**140**
Resources, Wildlife and Economic Development						
Fur Price Program	345	-	-	345	596	(251)
Small Business Grants	287	-	(13)	274	237	37
Fire Damage Compensation	100	-	-	100	14	86
Disaster Compensation Program	15	-	18	33	33	-
Humane Trap Development	5	-	(5)	-	-	-
	752	**-**	**-**	**752**	**880**	**(128)**
Total Operations and Maintenance	**$ 49,512**	**$ 1,035**	**$ (68)**	**$ 50,479**	**$ 50,420**	**$ 59**

Government of the Northwest Territories

Schedule 6

Non-Consolidated Schedule of Contributions

for the year ended March 31, 2005
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Executive						
Executive Offices						
Status of Women Council	$ 318	$ -	$ -	$ 318	$ 317	$ 1
Native Women's Association	197	-	-	197	197	-
National Aboriginal Achievement Awards	-	-	30	30	30	-
Tuktoyaktuk Public Private Partnership Proposal	-	-	15	15	15	-
	515	**-**	**45**	**560**	**559**	**1**
Financial Management Board Secretariat						
Power Subsidy	8,307	-	-	8,307	7,197	1,110
Superannuation Costs - NTPC	939	-	-	939	1,116	(177)
Superannuation Costs - WCB	299	-	-	299	299	-
	9,545	**-**	**-**	**9,545**	**8,612**	**933**
Aboriginal Affairs						
Intergovernmental Forum	1,130	-	-	1,130	994	136
Devolution	500	-	-	500	647	(147)
Self Government	20	-	-	20	-	20
	1,650	**-**	**-**	**1,650**	**1,641**	**9**
	11,710	**-**	**45**	**11,755**	**10,812**	**943**
Municipal and Community Affairs						
Water Sewer Services Subsidy Program	6,475	378	-	6,853	6,868	(15)
Infrastructure - Various Territorial	2,709	2,173	(30)	4,852	3,740	1,112
Cost Shared Water / Sewer Tax Based	2,500	-	-	2,500	1,900	600
Community Development Fund	600	-	33	633	537	96
Recreation Contributions	975	-	-	975	980	(5)
Youth Contributions	150	-	20	170	170	-
Core Funding	440	-	-	440	390	50
Granular Materials	250	-	-	250	250	-
Regional leadership	187	-	(20)	167	88	79
Transfer Payments (other Government departments)	105	-	-	105	105	-
Fire Training	90	-	50	140	115	25
Volunteer Contributions	20	-	-	20	16	4
Land Development	300	84	-	384	315	69
Water Licensing	106	-	-	106	66	40
Community Financial Services	-	-	75	75	64	11
Recreation Organization Funding	300	-	-	300	291	9
Community Initatives Programs	1,000	-	-	1,000	975	25
Youth Corps	750	-	(20)	730	563	167
Main Street Paving	1,000	165	-	1,165	1,094	71
	17,957	**2,800**	**108**	**20,865**	**18,527**	**2,338**
Public Works and Services						
Community transfer agreement (with Holman)	169	(169)	-	-	-	-
Community transfer agreement (with Fort Resolution)	143	(121)	-	22	22	-
	312	**(290)**	**-**	**22**	**22**	**-**

Government of the Northwest Territories

Non-Consolidated Schedule of Contributions

for the year ended March 31, 2005
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Health and Social Services						
Boards of Management	175,894	7,046	2,603	185,543	184,961	582
Professional Development, Recruitment, & Retention	2,063	-	1,932	3,995	3,921	74
Health Awareness, Activities and Education	577	10	594	1,181	1,031	150
Health Promotion	160	-	409	569	569	-
GNWT's response to the Draft Social Agenda	-	800	-	800	800	-
	178,694	**7,856**	**5,538**	**192,088**	**191,282**	**806**
Justice						
Community Justice	1,079	385	-	1,464	1,357	107
Victims Assistance	250	-	-	250	200	50
Wilderness Camps	165	-	-	165	25	140
Aurora College	-	-	-	-	75	(75)
New Beginnings Alternate Program	-	-	58	58	58	-
	1,494	**385**	**58**	**1,937**	**1,715**	**222**
NWT Housing Corporation	**53,047**	**1,113**	**-**	**54,160**	**54,160**	**-**
Education, Culture and Employment						
Education Authority	110,615	2,760	-	113,375	113,355	20
College Contributions	26,216	114	50	26,380	25,782	598
Mildred Hall School renovation	3,544	3,308	-	6,852	5,820	1,032
Healthy Children Initiative	2,210	-	-	2,210	2,227	(17)
Literacy Funding	2,057	-	-	2,057	1,566	491
Early Childhood Program	1,699	877	(85)	2,491	2,404	87
Language Communities	743	-	-	743	740	3
NWTTA Professional Improvement Fund	1,112	-	-	1,112	957	155
Community Skills for Work	650	-	-	650	605	45
Oil and Gas Industry	550	-	-	550	642	(92)
NWT Arts Council	280	-	-	280	325	(45)
Cultural Organizations	259	-	-	259	284	(25)
Community Library Services	194	-	-	194	191	3
Community Museums	186	-	-	186	186	-
Student Success Centres	180	-	-	180	173	7
Community Libraries - Infrastructure	-	92	-	92	15	77
Cultural Projects	111	-	-	111	71	40
Dene Language Programming	100	-	-	100	100	-
Community Museums - Infrastructure	27	37	-	64	49	15
Northern Performers	71	-	-	71	71	-
Native Communications	70	-	-	70	70	-
Language Acquistion & Maintenance	540	-	(100)	440	260	180
College Development/Infrastructure	250	-	-	250	250	-
Skills Canada NWT / NU	-	-	80	80	80	-
GNWT Literacy Strategy - Fort Good Hope foundation repair						
	151,664	**7,188**	**(55)**	**158,797**	**156,223**	**2,574**

Government of the Northwest Territories

Non-Consolidated Schedule of Contributions

for the year ended March 31, 2005
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Transportation						
Community Local Access Roads	537	-	-	537	389	148
Community Marine	150	-	-	150	93	57
Airports	20	-	-	20	16	4
	707	**-**	**-**	**707**	**498**	**209**
Legislative Assembly						
Human Rights Commission	630	-	(240)	390	390	-
	630	**-**	**(240)**	**390**	**390**	**-**
Resources, Wildlife and Economic Development						
NWT Development Corporation	3,200	-	-	3,200	3,200	-
Business Development Fund	1,279	-	(19)	1,260	939	321
Community Futures	1,132	-	-	1,132	992	140
Community Transfer	1,117	-	5	1,122	1,005	117
Tourism Industry Marketing	1,821	-	-	1,821	1,821	-
Mackenzie Valley	975	100	-	1,075	710	365
Maximizing Northern Employment	500	-	(75)	425	391	34
Community Harvester Assistance Program	473	-	40	513	515	(2)
Fisheries	395	-	-	395	375	20
Interim Resource Management Agreement	-	375	-	375	375	-
Energy Conservation	300	-	(73)	227	100	127
Arctic Energy Alliance	260	-	(50)	210	210	-
Local Wildlife Committees	258	-	(10)	248	232	16
Diavik Socio-Economic Agreement	230	-	-	230	180	50
Business Credit Corporation	138	-	24	162	163	(1)
Western Harvester Support Program	212	200	-	412	334	78
West Kitikmeot Slave Study	129	-	(64)	65	49	16
Hook Lake Bison Recovery	125	-	(125)	-	-	-
Prospectors' Assistance Program	90	-	-	90	78	12
Wildlife Management Boards	78	-	10	88	87	1
Mackenzie River Basin Board	40	-	-	40	36	4
Canadian Energy Research Institute	20	-	-	20	-	20
Great Northern Arts Festival	25	-	25	50	50	-
Diamond contributions	20	-	(20)	-	-	-
Support to Fur Industry	15	-	-	15	15	-
Snap Lake Monitoring	250	-	(50)	200	-	200
NWT Arctic Tourism - Aurora						
Corporate Management contributions	-	-	145	145	145	-
Resource Management contributions	-	-	420	420	359	61
Forest Management Agreemnt						
Environmental Protection contributions	-	-	16	16	16	-
	13,082	**675**	**199**	**13,956**	**12,377**	**1,579**
Total Operations and Maintenance	**$ 428,667**	**$ 19,727**	**$ 5,893**	**$ 454,287**	**$ 446,006**	**$ 8,671**

Government of the Northwest Territories

Schedule 7

Non-Consolidated Schedule of Special Warrants

for the year ended March 31, 2005
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Purpose		Date of FMB Approval	Amount Authorized
Executive				
Executive Offices				
	To provide a donation to the Canadian Red Cross to aid in the relief effort for victims of the earthquake and tsunami in Southeast Asia.		13-Jan-05	50
	To fund the 2004-05 costs of hosting the 2004 Western Premiers' Conference in Inuvik. The impact on government operations will be partially offset by corporate sponsorship donations.		30-Jun-04	217
Financial Management Board Secretariat				
	To provide funding for the legal and interim receiver fees related to the interim receivership of Arslanian Cutting Works (NWT) Ltd.		23-Sep-04	226
Municipal and Community Affairs				
	To provide funding for continuation of projects which were not completed in the 2003/2004 fiscal year as follows:		10-May-04	1,382
	Community Hall - Wha Ti	139		
	Curling Rink - Aklavik	793		
	Above Ground Swimming Pool - Fort Providence	450		
		1,382		
Health and Social Services				
	To carry over funding related to the Social Agenda community demonstration projects started, but not completed, in 2003/04.		10-May-04	263
Education, Culture and Employment				
	To provide funding for emergency repairs to Samuel Hearne Senior Secondary School in Inuvik due to the collapse of the front foyer roof and fire in the gymnasium and industrial arts wing.		30-Jun-04	2,500
Transportation				
	To provide funding for the application of calcium chloride on the Dempster Highway in order to stabilize the surface.		30-Jun-04	273

Non-Consolidated Schedule of Special Warrants

for the year ended March 31, 2005
(thousands of dollars)

Purpose		Date of FMB Approval	Amount Authorized
Resources, Wildlife & Economic Development			
To provide funding for additional fire suppression costs incurred due to the severe forest fire conditions in 2004.		22-Aug-04	4,651
Total Operations and Maintenance			$ 9,562
CAPITAL INVESTMENT			
Municipal and Community Affairs			
To provide funding for the continuation of projects which were not completed in the 2003/2004 fiscal year as follows:		10-May-04	4,319
Outdoor Rink - Colville Lake	76		
Utilidor Rebuild - Fort McPherson	470		
Water Intake - Fort Providence	58		
Sewage and Solid Waste Site - Gameti	444		
Sewage Holding Vault Upgrade - Rae Edzo	112		
Water Treatment Plant Upgrade - Rae Edzo	1,597		
Sewage Treatment - Rae Edzo	397		
Solid Waste Site - Rae Edzo	30		
Water Treatment Plant and Truck Fill Station - Tsiigehtchic	581		
Kudlak Lake Evaluation - Tuktoyaktuk	345		
Water Treatment Plant and Truck Fill Station - Wrigley	25		
Sewage Lift Station - Rae Edzo	184		
	4,319		
Public Works and Services			
To provide funding to continue renovations required to the first floor of the Arthur Laing Building to accommodate the Human Rights Commission, the Equal Pay Commissioner, as well as other statutory commissioners (Languages Commissioner, Conflict of Interest Commissioner and Information and Privacy Commissioner).		10-May-04	317
Health and Social Services			
To provide funding for the continuation of the Health Centre project in Sachs Harbour, which was not completed in the 2003/2004 fiscal year.		10-May-04	2,040

Government of the Northwest Territories

Schedule 7
(Continued)

Non-Consolidated Schedule of Special Warrants

for the year ended March 31, 2005
(thousands of dollars)

Purpose		Date of FMB Approval	Amount Authorized
Justice			
To provide funding for the continuation of projects which were not completed in the 2003/2004 fiscal year as follows:		10-May-04	1,190
Labour Services Database	31		
Courthouse Functional Plan	154		
Legal Aid Information System	216		
Document Imaging System	125		
Courthouse Security	39		
Maintenance Enforcement Database	30		
Community Justice Information System	106		
North Slave Correctional Centre	332		
Young Offender Facility	102		
South Mackenzie Correctional Centre Air Conditioning Unit	55		
	1,190		
To provide funding for leasehold improvements for the new Family Law Legal Services Clinic in Yellowknife.		22-Aug-04	115
Education, Culture and Employment			
To provide funding for the continuation of projects which were not completed in the 2003/2004 fiscal year as follows:		10-May-04	2,849
Prince of Wales Northern Heritage Centre Renovation - Yellowknfe	1,000		
Small Community School Capital Infrastructure	200		
Aurora College Campus Building - Inuvik	1,649		
	2,849		
Transportation			
To provide funding for renovations to the Yellowknife Air Terminal Building and installation of an explosive detection system, as mandated by the Canadian Air Transport Security Authority.		30-Jun-04	3,400
The total additional investment of $11.2 million over the 2004/05, 2005/06 and 2006/07 fiscal periods will be offset by funding received from the Canadian Air Transport Security Authority ($4.6 million) and Airport User Fees ($6.6 million).			
Resources, Wildlife and Economic Development			
To provide funding for the continuation of projects which were not completed in the 2003/2004 fiscal year as follows:		10-May-04	$ 610
Office Shop - Sachs Harbour	190		
Warehouse - Holman	194		
Warehouse - Tuktoyaktuk	85		
Business Incentive Policy and Contract Registry System	141		
	610		
Total Capital Investment Expenditures			$ 14,840
Total Special Warrants			$ 24,402

Government of the Northwest Territories

Schedule 8

Non-Consolidated Schedule of Inter-activity Transfers over $250,000

for the year ended March 31, 2005
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Transfer to (from)	Explanation
Executive		
Financial Management Board Secretariat Corporate Human Resources	$ 4,878	Transfer of Corporate Human Resource Services from the Executive Offices to the Financial Management Board Secretariat.
Executive Offices Executive Offices	(4,878)	
Health and Social Services		
Community Health Programs	(822)	Reconciliation of Opening 2004/2005 Main Estimates to Draft "Authorities Planning Target"
Health Services Programs	(578)	
Program Delivery Support	1,400	
Program Delivery Support	(354)	To transfer funding reduction associated with the transfer of the insurance premium on the liability insurance for Health Authorities to the Department of Finance to the correct Activity.
Health Services Program	354	
Health Service Program	(477)	To transfer funding approved in Supp No. 3 for the Health and Social Services Authorities' to the correct Activities: $153,000 for Administrative Support Services for the Dogrib CSB; $178,000 for Ambulance Services for the Dogrib CSB; and $146,000 for re-evaluation of nursing and allied health care jobs.
Program Delivery Support	153	
Supplementary Health Programs	178	
Community Health Programs	146	
Education, Culture and Employment		
Directorate	275	Surplus Income Assistance funding transferred to the Directorate to fund the update of the Department's Strategic Plan.
Advanced Education and Careers	(275)	
CAPITAL INVESTMENT		
Education Culture and Employment		
Advanced Education and Careers	(1,280)	To transfer the funding for the French First Language School project in Hay River to the correct departmental activity.
Education and Culture	1,280	

Non-Consolidated Schedule of Debenture Loans Receivable from Municipalities

for the year ended March 31, 2005
(thousands of dollars)

	Year of Maturity	Interest Rate	Original Amount	Principal Balance March 31, 2004	New Loans	Principal Repayments	Principal Balance March 31, 2005
Municipality of Fort Smith							
43 Personal care facility, amalgamation of debentures #39 and #41	2026	11.27	$ 2,765	$ 2,618	$ -	$ 2,618	$ -

Schedule of Other Long-term Receivables

for the year ended March 31, 2005
(thousands of dollars)

	Principal Balance March 31, 2004	New Loans	Principal Balance Principal Repayments	March 31, 2005
Agreements for sale	$ 38	$ -	$ 2	$ 36
Deton'Cho Corporation	2,340	-	260	2,080
	$ 2,378	**$ -**	**$ 262**	**$ 2,116**

The loan to Deton'Cho Corporation is repayable in 20 equal installments over ten years and bears no interest. This loan results from a guarantee the Government made for Deton'Cho Diamonds Inc. that was subsequently called by the bank. Foregone interest, calculated at the Government's long term borrowing rate is recorded as a Grant in Kind, in 2005 interest was $120,000 (2004 - $134,000).

Government of the Northwest Territories

Schedule 11

Non-Consolidated Schedule of Bad Debt Write-offs, Forgiveness and Student Loan Remissions

for year ending March 31, 2005

ACCOUNTS RECEIVABLE WRITTEN OFF

Fiancial Management Board Secretariat	
Blue Moon Bowling	$525
Drybones, Beverly	684
Fort Liard Metis Development	3500
Leahy's Electrical Services	565
Menacho, Wilbert	5543
Sweet Scent Landry	2025
	$12,842

Municipal and Community Affairs	
Aklavik Aboriginal Committee	$ 20,000
Beaulieu, Melanie Estate of	1,800
DNB Construction Ltd.	1,950
Fort Liard Metis Development	
Corporation Ltd.	5,652
Lacorne, Louis	1,800
Lafferty, David & Wedzin, Louisa	1,388
Lafferty, Michael & Beaulieu, Jennifer	750
Mackenzie, William & Betty Ann	2,000
Mantla, Edward & Rose	1,100
Mantla, Peter & Mary	2,676
McNeely, Wilfred J.	4,366
Nasken, Bernadette	1,500
Norman Wells Laundry & Drycleaners Ltd	642
Northern Backhoe Service Ltd.	535
Northern Pork Ltd.	7,525
Ogina, Peter J. & Joanne M.	900
Ruben, Arnold & Kathy	1,000
Ruben, Peter & Illasiak, Molly	2600
Sabourin, Monique	1,655
Smith, John & Louisa	2,100
Wedzin, Archie	1,000
Wedzin, Joe	1,000
Yakeleya, Carl & Kodakin, Susan	2,431
Zoe, Marcel	2,693
	69,063

Transportation	
Northern Airlink Ltd.	507
	507

Education, Culture and Employment	
Belanger, Rene Jr.	1,242
Bourke, Travis H.	2,780
Giroux, Diane	5,765
Larocque, Pat	3,199
Latham, Leigh	2,950
Laviolette, Robert	7,500
Lemon, Heather	1,373
MacDonald, Brian	2,096
Maghagak, Rhonda Koikhok	1,045
Mangelana, Sandra	714
Menacho, Frederick Patrick	7,400
Metis Heritage Association	84,184
Metis Nation-NWT	35,000
Michel, Belinda	1,098
Michel, James S.	634
Michel, Sharon	717
Napier, Lorne Alexander	995
Polar Kids	1,550
Rose Family Day Home	524
Ruben, Marcus	672
Ruben, Ray	954
Smith, Peter R.	700
Sydney, Dolly	947
Thrasher, James	3,418
Tonka, Danzer	4,553
Wedzin, Lloyd	863
	172,873

Public Works & Services	
Heron, Tom	777
McKay, Christopher	1,159
	1,936

Government of the Northwest Territories

Schedule 11

Non-Consolidated Schedule of Bad Debt Write-offs, Forgiveness and Student Loan Remissions

for year ending March 31, 2005

Resources, Wildlife and Economic Development	
Baton, George	2,425
Essery, Robert	1,476
Guay, Dale	5,587
Long Island Logging	33,094
Neyelle, Michael Robert	1,759
Quick Cutz (Proprietorship)	8,860
Tainchay's Patio Hamburger Stand	4,495
Territorial Mediation & Alternative Dispute Resolution Services	956
	58,652
Health and Social Services	
Northern Addiction Services	119,652
	119,652
Justice	
Charlie Soupay Friendship Centre	2,000
	2,000
All Accounts Written Off over $500	**205,020**

All Departments-Other Miscellaneous Accounts Less than $500	**5,731**
Student Loan Interest Written Off	**25,150**
Total Accounts Written Off	**$ 468,406**
STUDENT LOAN FUND	
Fortin, Gerald	24,260
Gray, Steven	20,120
MacLeod, Mary	26,302
Stapleton, Craig	15,308
	85,990
Total Accounts and Loans Written Off	**$ 554,396**

FORGIVENESS

541,055

Non-Consolidated Schedule of Bad Debt Write offs, Forgiveness and Student Loan Remissions

for the year ended March 31, 2005

STUDENT LOAN REMISSIONS

Under the Student Financial Assistance Regulations, the Government may forego collection of students' loans, provided certain criteria are met. The students listed below, having met the academic and the employment or residency criteria, have qualified and been granted remission of their loans.

Name	Amount ($)	Name	Amount ($)
Ahmed, Zaid	1,199.28	Coleman, Jennifer	3,474.32
Allen, Vanessa	1,687.84	Colford, Joshua	1,972.80
Alty, Rebecca	2,224.88	Collins, Amy	2,981.12
Aneliunas, Rymanteq	2,380.43	Colton, Kristen	1,874.16
Ashcroft, Brandon	2,542.72	Cook, James	1,874.16
Aucoin, Valerie	448.84	Cordero, Nina	1,161.76
Auge, Valerie	3,524.24	Cowger, Heather	1,830.32
Bachand, Brendan	1,139.84	Cox, Marian	3,145.52
Balmer, Benjamin	2,794.28	Coyne, Patricia	3,518.16
Banic, Jack	9,250.24	Coyne, Susan	580.88
Barbour, Shona	3,594.88	Crawley, Meagan	4,088.08
Baryluk, Steven	2,137.20	Critch, Amber	1,534.40
Beaulieu, Debbie	6,400.64	Critch, Maria	3,189.36
Bell, Jason	3,050.00	Critch, Sarah	1,896.08
Bennington, Andrea	3,759.28	Crouteau, Lisa	4,592.24
Besarra, Lanilyn	2,060.48	Crouch, Robert	3,408.56
Besarra, Renfred	2,126.24	Cumming, George	3,500.00
Bevington, Nick	3,912.72	Cutten, Murray	2,750.96
Blesse, Lynette	2,367.36	Daniels, Melissa	4,011.36
Bodnar, Victoria	11,442.46	Davidge, Leah	1,030.24
Bohnet, Seth	2,367.36	Dawe, Jonathan	2,800.00
Boline, Priscilla	1,500.00	Degrow, Azure	3,551.04
Booth, Allister	2,553.68	DeKlerk, Abraham	3,046.52
Bourassa, Darcy	3,046.88	DeKlerk, Jacobus	2,071.44
Bourassa, Kelly	4,307.28	Desilets, Angela	2,805.76
Bourget, Lorna	2,783.84	Desjardins, Meagan	3,046.88
Bourque, Mary	1,479.60	Desjarlais, Tracy	1,918.00
Bowden, Jeffrey	4,263.44	Deyelle, Liette	3,101.68
Bower, Trevor	1,391.92	Dillabough, Su-Elle	1,950.88
Braden, Kelda	2,553.68	Dillon, Kathleen	1,753.60
Braden, Lauren Rae	2,060.48	Dillon, Sarah	3,298.96
Bromley, Mitchell	2,800.00	Doering, Tamara	8,800.00
Brookes, Shelley	2,827.68	Domes, Kerri	531.04
Brown, Cygni	2,783.84	Doyle, Carolyn	4,284.24
Bryan, Darryl	2,800.00	Doyle, Shantana	2,257.76
Bryan, Jordan	795.43	Dube, Noel	3,600.00
Buchanan, Christopher	1,030.24	Duchesne, Mary-Anne	5,129.28
Buhler, Dwayne	1,040.64	Duval, Eugene	6,174.96
Bui, Trung	1,402.88	Emocling, Rosaly	4,437.80
Bujold, Carrie	1,819.36	Emsley, Corey	2,345.44
Burrill, Kevin	1,907.04	Epp, Robert	2,608.48
Burry, Jennifer	3,353.76	Esau, Aleta	4,175.76
Bussell, Leann	2,668.80	Evans, Heather	2,586.56
Butterfield, Charles	3,331.84	Fair, Saro	4,548.40
Bye, Miranda	646.64	Fedun, Amanda	4,493.60
Campbell, Josh	5,019.68	Feil, Wendy	316.34
Cassidy, Andrew	17,200.00	Fillatre, Elizabeth	3,309.92
Castaneda, Liz	5,200.00	Fillatre, Gerald	2,060.48
Chambers, Geoffrey	3,496.24	Forbes, Crystal	2,575.60
Chang, Carrie	2,800.00	Foster, James	2,422.16
Charlebois, Julie	2,175.62	Francis, Dianne	1,578.24
Chenard, Mavis	1,918.00	Fraser, Wendy	3,627.76
Christensen, Michael	2,509.84	Froese, Tiffany	3,089.44
Chueng, Gina	1,285.94	Gacayan, Mary Cris	4,550.00
Chueng, William	1,885.12	Gamble, Christopher	3,441.44
Cleveland, Caitlin	2,082.40	Gaudet, Micheline	3,759.28
Coe, Leslie	2,992.08	Gaukel, Lori	2,060.48

Non-Consolidated Schedule of Bad Debt Write offs, Forgiveness and Student Loan Remissions

for the year ended March 31, 2005

Name	Amount ($)
Gebauer, Lindsey	1,149.92
Gentleman, Karen	2,093.36
George, Amber	1,402.88
George, Troy	750.48
Ghaleb, Farook	1,418.88
Gibson, Alison	2,608.48
Goodliffe, Martin	380.04
Gordon, Adam	2,169.52
Goudreau, Tyler	3,101.68
Grabke, Dwight	712.40
Green, Helen	4,318.24
Green, Paul	2,004.03
Greene, Jason	1,932.88
Greenland, Sheila	2,250.00
Grundy, Lindsay	1,708.88
Guay, Kate	986.40
Ha, Nguyet	1,928.96
Haley, Nikki	2,126.24
Hamilton, Tom	2,093.36
Harbicht, David	2,005.68
Harker, Brooke	5,523.84
Harney, Kami	2,542.72
Harrison, Grazyna	2,750.96
Harrison, Lisa	3,408.56
Hasanbasic, Amer	2,800.00
Hayward, Trent	2,915.36
Healy, Damien	4,636.08
Heisler, Cheyanne	1,030.24
Hewiko, Odessa	4,822.40
Hilliard, Sheila	3,507.20
Hinton, Rory	3,178.52
Houghton, David	2,213.92
Hoyles, Jaime	2,992.08
Hoyles, Vita	4,241.52
Hunt, Maria	3,189.36
Hurley, Lisa	2,159.12
Huynh, Tho	1,972.80
Impett, Catherine	2,014.00
Inman, Trevor	3,989.44
Izzard, Michelle	2,137.20
Jagpal, Harmeet	2,016.64
Jaque, Aaron	2,750.96
Jasken, Jenel	3,627.76
Jeffery, Elizabeth	2,301.60
Johnston, Dale	2,564.64
Johnston, Shawn	1,676.88
Jones, Andrew Morgan	2,389.28
Jones, Pamela	1,249.44
Kailek, Shelley	5,458.08
Kallos, Sarah Joy	4,340.16
Kalnay, Sarah	2,531.76
Kanwal, Sharon	964.48
Kasteel, Trevor	142.49
Kauhausen, Jardin	2,159.12
Kelln, Jill	5,206.00
Kenny, Elizabeth	1,720.72
Kenny, Irene	1,863.20
King, Jason	1,096.00
King, Patricia	2,159.12
Kovalench, Tracy	882.88
Kronstal, Alana	3,123.60
Kuptana, Donald	1,983.76
Lajoie, Karen	3,024.96

Name	Amount ($)
Langlois, Michel	1,348.08
Lantz, Crystal	4,208.64
Laroque, Chelsey	5,600.00
Latour-Theede, Nicole	4,055.20
Leblanc, Philippe	3,770.24
LeDrew, Mark	2,652.32
Lee, Nahum	1,643.78
Lee, Olivia	2,893.44
Leishman, Deborah	1,457.68
Lennie, Ashley	1,750.00
Leonard, Deanna	5,063.52
Li, Vincent	3,715.44
Linn, Crystal	4,394.96
Look, Jamie	6,948.64
Lowing, Christina	3,594.88
Lundrigan, Sheldon	4,285.36
MacLaren, Angela	1,918.00
MacPherson, Aclum	4,526.48
MacPherson, Catherine	13,300.00
MacPherson, Gaeleen	3,967.52
MacVicar, Patricia	317.20
Mager, Justin	2,718.08
Mathisen, Herb	2,707.12
Mathison, Steve	1,911.62
Matthews, Ioan	1,161.76
McCann, Tim	2,027.60
McCordic, Frederick	734.32
McCreadie, Tanis	4,471.68
McDonald, Jonathan	3,233.20
Mcdonald, Josh	4,077.12
McDuff, Tylor	1,074.08
McGee, Debra	8,481.76
McKay, Angelika	3,452.40
McLachlan, Corey	2,546.92
McLeod, Anna	407.36
Menton, Andrew	3,239.16
Menton, Jonathon	1,315.20
Meszaros, Amanda	3,812.80
Michel, Karen	2,772.88
Mihov, Dobry	1,063.12
Misling, Kera	4,789.52
Monroe, David	2,279.68
Monroe, Elizabeth	48.36
Morgan, Carrie	1,432.32
Morgan, Lacey	3,277.04
Morris, Sally	1,802.48
Morrison, Kacheena	2,323.52
Moss, Trevor	2,455.04
Mujicn, Senad	2,783.84
Munro, Megan	4,767.60
Nendsa, Norman	3,867.76
Nikiforuk, Hiedi	1,993.84
Noel, Jason	854.88
Nolting, Antje	3,035.92
Nowicki, Karen	4,110.00
Oake, Dean	1,371.60
O'Connor, Elise	3,562.00
O'Keefe, Brie	2,334.48
Ondrack, Anthony	2,794.80
Oosenbrug, Joslyn	1,227.52
Op Der Heijde, Meghan	6,170.48
Osted, Katherine	2,958.09
Pandke, Monica	114.64

Non-Consolidated Schedule of Bad Debt Write offs, Forgiveness and Student Loan Remissions

for the year ended March 31, 2005

Name	Amount ($)
Papineau, Patrick	4,142.88
Paul, Theresa	3,441.44
Pawluck, Sahara	6,028.00
Penkala, Andrew	2,970.16
Perrino, Jason	3,331.84
Phillips, Robert	3,266.08
Phillpot, Darha	3,397.60
Pin, David	3,583.92
Pin, Sophia	1,326.16
Prio, Lorie	3,255.12
Pisz, Emilia	4,296.32
Poitras, Kristina	5,458.08
Pollard, Kailey	3,277.04
Porter, Charles Harvey	4,329.20
Postma, Christopher	5,200.00
Posynick, Gillian Zoe	4,197.68
Potter, Jamie	4,745.68
Quiring, Patricia	3,156.48
Radcliffe, David	3,890.80
Ramm, Michelle	2,098.00
Ransom, Loretta	4,964.88
Readman, Tristan	1,074.08
Riddell, Sara	385.38
Riley, Rebecca	3,003.04
Rivera, Jemma	4,855.28
Rivera, Mildred	4,055.20
Rivet, Mathew	2,800.00
Robertson, Benjamin	2,805.76
Robles, Alexandra	3,507.20
Roemer, Christine	3,200.32
Rogers, Donna Ann	4,131.92
Rose, Kent	2,818.32
Rosendahl, Jennifer	3,430.48
Rosendahl, Steven	4,241.52
Round, Daniel	2,200.00
Rowe, Rebecca	5,600.00
Roy, Cristle	2,586.56
Ruddick, David	826.16
Rudkevitch, Darwin	2,652.40
Rudolph, Christine	2,035.67
Ruptash-Stauffer, Janine	3,737.36
Ryan, Ronald	3,485.28
Samms, Adam	3,748.32
Savage, Genevieve	3,836.00
Scantland, Tanya	2,245.60
Schwartzenbergr, Jeffrey	2,882.48
Semple, Judy	3,000.00
Shank, Jacob	2,597.52
Shannon, Christina	249.36
Shannon, Samuel	2,794.80
Sharman, Jennifer	2,038.56
Shea, Erin	3,649.68
Shipman, Brandy	4,362.08
Sian, Sherry	4,427.84
Simms, Hayward	2,200.00
Simpson, Caelly	5,545.76
Slade, Dustin	1,271.36
Smith, Angeline	65.76
Smith, Glenn	2,286.18
Smith, Heather	3,134.56
Smith, Ryan	6,291.04
Smith, Stephen	3,989.44
Snodgrass, Trenton	4,900.00
Sorenson, Robin	1,249.44
Stard, Evan	2,641.36
Stard, Tamara	690.48
Stevens, Fletcher	2,235.84
Stevens-Dame, Jay	8,022.72
Stinson, Starr	1,764.56
Stone, Danielle	3,572.96
Straker, Benji	3,200.32
Straker, Evelyne	3,200.32
Straker, Jeremy	2,970.16
Stringer, Jeremy	4,394.96
Stuckless, Carla	3,364.72
Sundberg, Jill	1,311.44
Swallow, Michelle	3,145.52
Talbot, Brett	6,300.00
Testart, Tawanis	4,011.36
Thompson, Erin	2,904.40
Thompson, James	6,803.12
Thompson, Jeanette	3,277.04
Toner, Patrick	986.40
Tran, Kia	3,693.52
Tricoteux, Daniel	4,756.64
Trobak, Tara	2,838.64
Ulrich, Lisa	3,134.56
Van Dyke, Benjamin	1,966.48
Van Metre, Kimberly	4,679.92
Vandal, Kelsey	2,800.00
Venema, Jennifer	3,463.36
Venezuela, Christian	1,150.80
Vielhauer, Cora	4,625.12
Vincent, Marie-Elaine	2,816.72
Von Hagen, Aaron	2,542.72
Vyse, Kristie	2,800.00
Waddell, Jeffrey	4,066.11
Waddell, Scott	5,732.08
Wagner, Courtney	2,959.20
Wagner, Derek	6,038.96
Walsh, Kerry	184.48
Ward, Sarah	1,282.32
Ward, Tracey	64.48
Washburn, Amanda	2,827.68
Wasylkiw, Tasha	3,715.44
Waugh, Tracy	1,818.08
Wettig, Darren	2,448.32
Wilson, Douglas	629.68
Wolki, Frances	6,000.00
Wood, Maury	1,864.52
Woodham, Matthew	4,481.52
Worsley, Vanessa	5,315.60
Wouters, Desiree	3,814.08
Wouters, Morgan	1,742.64
Wowk, Jeffrey	2,487.92
Woytuik, Melissa	1,750.00
Wyse, John	709.88
Yaxley, Neo	1,249.44
York, Amalia	4,581.28
York, Stuart	1,687.84
Ziemann, Janice	3,704.48
Total:	**$1,079,802.17**

Government of the Northwest Territories

Schedule 12

Non-Consolidated Schedule of Recoveries of Debts and Student Loans Previously Written Off

for the year ended March 31, 2005

Education, Culture and Employment

Blanchard, Constance	$ 993
Brinston, Shannon A	604
Clarke, Sven	1,337
Coles, William	519
Cook, Wilbert Francis	1,053
Dryneck, Rita	1,315
Gargan, Diana Marina	1,701
Hall, Glenn J	3,944
Harvey, Christopher	8,489
Illes, Attila	525
Kilabuk, Elijah	1,774
Kirby, Arleen	530
Kobasiuk, Deana Lee	1,353
MacDonald, Brian William	3,510
Mainville, Gerald	13,557
Rasmusan-Tauthahn, Gary	700
Tambour, Verda May	1,407
Taureau, Lena	979
	44,290
All departments - miscellaneous accounts under $500	**25,023**
Total payments received	**$ 69,313**

Non-Consolidated Schedule of Overdue Travel Advances

as at March 31, 2005

Overdue travel advances represent travel advances which have not been accounted for by an expense claim within 10 working days of the return date given on the travel authorization.

Legislative Assembly	
Menicoche, Kevin	$ 343
	343
Health and Social Services	
Pierrot, Delphine	500
Swan, Robert	400
Fyten, Phila	250
	1,150
Justice	
Debogorski, Curtis	1,000
Kochon, Wilbert	300
Harris, Alan James	100
Wright, Elizabeth	300
Wasicuna, Robert	500
Chalupa, Christina	300
	2,500
Total overdue travel advances	$ 3,993

Government of the Northwest Territories

Schedule 14

Non-Consolidated Schedule of Lease Commitments - Commercial *

for the year ended March 31, 2005
(thousands of dollars)

	2006	2007	2008	2009	2010	2011-2019	Total
Yellowknife	$ 7,562	$ 5,742	$ 5,275	$ 4,853	$ 3,859	$ 4,076	$ 31,367
Fort Smith	1,418	1,271	1,001	474	474	1,829	6,467
Inuvik	935	795	672	580	430	1,235	4,647
	$ 9,915	$ 7,808	$ 6,948	$ 5,907	$ 4,763	$ 7,140	$ 42,481

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* The Government of the Northwest Territories no longer has any residential leases.

Government of the Northwest Territories

Schedule 15

Non-Consolidated Schedule of Guarantees

for the year ended March 31, (thousands of dollars)	2005	2004
Loans payable by the Northwest Territories Housing Corporation to Canada Mortgage and Housing Corporation and Canada	$ 26,053	$ 26,659
Sinking fund debentures issued by the Northwest Territories Power Corporation		
a) maturing March 9, 2009	20,000	20,000
b) maturing June 6, 2011	15,000	15,000
c) maturing May 28, 2012	20,000	20,000
d) maturing October 27, 2018	10,000	10,000
e) maturing February 27, 2026	8,700	8,700
f) maturing December 18, 2032	18,666	19,333
g) maturing December 14, 2034	25,000	-
Debenture series issued by the Northwest Territories Power Corporation		
a) maturing May 1, 2025	7,272	7,379
b) maturing October 1, 2025	7,294	7,400
c) maturing September 1, 2026	8,251	8,370
Loans payable by the Northwest Territories Power Corporation		
a) banker's acceptance	-	3,000
Guarantee of operating lines of credit	11,199	17,140
Guarantee of Northwest Territories Opportunities Fund	32,000	2,000
Guarantee of residential housing loans	11,400	11,200
	$ 220,835	**$ 176,181**

Schedule 16

Non-Consolidated Schedule of Overdue Accountable Advances Related to Previous Fiscal Years

for the year ended March 31, 2005

	Date Issued	
Justice		
Dechi Laot'l First Nation	June 6, 2003	5,250
Dechi Laot'l First Nation	November 24, 2003	5,250
Hay River Youth Justice	December 3, 2003	18,500
Hay River Youth Justice	February 2, 2004	20,000
Town of Inuvik	January 9, 2004	5,000
Yellowknives Dene First Nation	June 26, 2003	6,750
Yellowknives Dene First Nation	June 26, 2004	10,000
YWCA of Yellowknife	October 24, 2003	15,069
		85,819
Resources, Wildlife and Economic Development		
NWT 2000 Com Inc.	March 30, 2003	7,200
Mary Madeline Nitsiza	March 30, 2003	1,225
Elias Saravanja	March 30, 2003	3,500
		11,925
Total		**$ 97,744**

Government of the Northwest Territories

Schedule 17

Non-Consolidated Schedule of Projects for Canada, Nunavut and Others - Expenditures Recovered

for the year ended March 31, 2005

Legislative Assembly	
Official Languages	$ 15,692
	15,692
Executive	
Executive Offices	
Secondments	247,538
French Languages	3,813
	251,351
Financial Management Board Secretariat	
Equal Pay Litigation	169,583
French Languages	2,093
	171,676
Aboriginal Affairs	
Intergovernmental Forum Contributions	1,730,992
Secondments	27,659
Gwich'in Land Claims Implementation	122,027
Sahtu Land Claims Implementation	88,641
Inuvialuit Implementation	83,413
	2,052,732
	2,475,759
Finance	
2004 Community Housing Needs Survey	30,000
Canada/NWT Cooperation Agreement for French and Aboriginal Languages 2004-05	3,000
	33,000

Government of the Northwest Territories

Schedule of Projects for Canada, Nunavut and Others - Expenditures Recovered

for the year ended March 31, 2005

Municipal and Community Affairs

Community Training Program	125,000
Sahtu Implementation	150
Gwich'in Implementation	150
Tli Cho Implementation	68,712
Official Languages- French	14,891
Boat Operators/Winter Survival- RCMP	11,666
PAN Territorial Sport Strategy	222,160
Hamlet of Fort Providence	5,395
Search and Rescue (SAR) Programs- Communications	37,108
Search and Rescue (SAR) Programs- Training	14,535
Community Government Training for Gov't of Nunavut	60,000
	559,767

Public Works and Services

Aurora College - Inuvik	369,066
Inuvik Regional Health Board	372,304
WCB Office Renovations, Centre Square Floors	60,444
Aurora College - Fort Smith	247,752
Aurora College - North Slave	14,469
Beaufort / Delta Education Board	116,941
French Languages Agreement	84,412
Gwich'in Implementation	4,000
Sahtu Implementation	3,000
Nunavut Project Management Training	24,870
Aurora College- Tallah Building	20,184
Hay River Reserve Band Office Renovations	31,422
	1,348,864

Government of the Northwest Territories

Schedule 17
(continued)

Schedule of Projects for Canada, Nunavut and Others - Expenditures Recovered

for the year ended March 31, 2005

Health and Social Services

Provision of Non-Insured Services*	8,171,360
Home and Community Care	3,482,213
Brighter Futures	2,847,431
Primary Health Care Transition Fund	2,246,261
Canada Pre-natal Nutrition Program	754,383
Aboriginal Diabetes Initiative	261,893
Fetal Alcohol Syndrome / Effects	220,178
Tobacco Mass Media Strategy	434,673
Official Languages	309,941
Tobacco Control Strategy- FNIB	216,643
Program Management	81,610
NWT National Diabetes Surveillance System	33,659
Northern Tobacco Use Monitoring Survey	40,000
Official Languages-RMAF Project	2,369
NWT A&D Survey	150,000
NWT Liaison Officer (CCHOTA)	3,919
Program Delivery Support- INFOWAY	213,529
Material- Promotion/Prevention (Injury Prevention)	30,000
	19,500,062

Justice

Exchange of Services - Nunavut Inmates	1,871,903
Official Languages - French	401,609
Family Law Initiative	135,604
Public Trustee - Estates Clerk	84,700
Tli Cho Agreement	73,804
YCJA Implementation Component- Probation Directives	8,728
NWT Law Foundation Library Project	50,000
RCMP - First Nations Policing - Community Consultation	178,933
Gwich'in Land Claims	20,000
Sahtu Land Claims	22,711
Law Society of the NWT Library Project	20,000
NWT Victims Support Network	18,112
RCMP - First Nations Policing - Recruitment	227,829
Maintenance Enforcement Program-Statistical Reporting	45,000
NWT Law Foundation- Law Library Plaque	1,400
Victims Services Project	25,000
Proceeds of Crime of Project	31,508
Tri-Territorial Conference-Community Justice	80,000
Supportive Training-NWT Justice Comm.	40,000
Reintegration Workshop	45,000
Victims of Youth Crime	35,903
	3,417,744

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* The costs of the federal program exceeded funding by $158,000 for the current year. The unfunded portion of the program's costs are included in the Department of Health and Social Service's operation costs.

Schedule of Projects for Canada, Nunavut and Others
- Expenditures Recovered

for the year ended March 31, 2005

Education, Culture and Employment

Nunavut Contract- Senior Supplementary Benefits	910,965
Control of Holdings- Video Collection	11,109
Historic Places Initiative	375,194
Canada NWT Co-op Agreement	3,406,937
Older Worker Pilot Project	54,445
Nunavut Contract- Museum and Archives	169,500
NWT Timeline- Library and Archives Canada	50,300
Archaeological Database Integration	28,221
Canada NWT Co-op Agreement- Special Projects	17,496
Experimental Science Resources	86,955
Expo Interactive Network	9,983
Official Languages in Education	674,494
Gwich'in Implementation	34,586
Sahtu Implementation	28,256
University College Entrance Program	266,780
Labour Market Development Agreement (LMDA)	4,599,616
Millenium Scholarship Foundation Agreement	40,000
	10,764,837

Transportation

Airports Funding Advances CARS	3,207,513
Coast Guard Minor Works	449,765
National Safety Code	-
Alberta road maintenance	99,425
French Language Services - Transportation	12,252
Hay River Corridor maintenance	19,610
	3,788,565

Resources, Wildlife and Economic Development

Sahtu Land Claims Implementation	157,000
Inuvialuit Land Claim Implementation	3,337,682
Gwich'in Land Claims Implementation	140,000
French Languages	30,738
Sahtu Geographic Information System Project	72,952
Sahtu Banding Project	19,015
Bison Control Program	43,567
Dall sheep study	305
Secondment-Gary Bohnet Salary	161,085
Daring Lake Breeding Bird surveys	7,350
Geoscience Centre	181,447
Heritage Rivers Project	30,049
Sahtu Renewable Resources Board	41,700
SMART Tourism	21,514
Gwich'in Renewable Resources Board	25,000
Habitat Stewardship Program for Species at Risk	50,000
Agricultural Policy Framework Agreement	55,030
Secondment-Hendrick Falck	64,107
Secondment-Joe Dragon	78,384
Knowledge and Innovation Fund	22,595
Lapidary Facility	99,955
NWT Cumulative Impact Monitoring Program	53,000
MERA/NRSGIS Technician	48,366
Parks Canada	25,000
West Kitikmeot Slave study	218,300
Energy Conservation Program	70,548
Development of Spatial Data Warehouse	100,000
Protected Areas Strategy	15,000
Northern Oil and Gas Program	50,000
Mackenzie Valley Resources Management Program	10,000
	5,229,689
Total	**$ 47,133,979**

PUBLIC ACCOUNTS

NORTHWEST TERRITORIES 2004 - 2005

Section III Supplementary Financial Statements

Northwest
Territories

PUBLIC ACCOUNTS

OF THE

GOVERNMENT OF THE NORTHWEST TERRITORIES

FOR THE YEAR ENDED MARCH 31, 2005

SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS

HONOURABLE FLOYD K. ROLAND

Minister of Finance

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Aurora College

Financial Statements

for the year ended June 30, 2004

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AURORA COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Aurora College ("the College") and all information in this annual report are the responsibility of the College's management and have been reviewed by the Board of Governors. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. When alternative accounting policies exist, management has chosen those it deems most appropriate in the circumstances. Management's best estimates and judgements have been used in the preparation of these statements, where appropriate. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls and practices ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and the adherence to the College's policies and statutory requirements.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Finance Committee of the Board, which is composed of a majority of Members who are not employees of the College. The Finance Committee meets regularly with management and the external auditors have full and free access to the Finance Committee.

The College's external auditor, the Auditor General of Canada, audits the financial statements and issues her report thereon to the Minister of Education, Culture and Employment.

Ron Holtorf
President

Edith Weber
Bursar/Chief Financial Officer

Fort Smith, Canada
August 27, 2004

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of Education, Culture and Employment
Government of the Northwest Territories

I have audited the balance sheet of the Aurora College as at June 30, 2004 and the statements of operations and equity and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the College and the financial statements are in agreement therewith and the transactions of the College that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Public Colleges Act* and regulations and by-laws of the College.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
August 27, 2004

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AURORA COLLEGE

BALANCE SHEET
as at June 30, 2004
(thousands of dollars)

	2004	2003
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	$ 3,217	$ 1,964
Net accounts receivable (Note 4)	985	1,053
Prepaid expenses	470	67
	4,672	3,084
Property and equipment (Note 5)	**3,147**	3,621
	$ 7,819	$ 6,705
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,743	$ 1,173
Employee leave pay	1,072	1,049
Deferred project income	268	122
Current portion of employee future benefits	222	237
Due to the Government of the Northwest Territories	14	785
	3,319	3,366
Employee future benefits (Note 6)	**887**	949
Professional development fund (Note 7)	**844**	684
Deferred capital contributions	**786**	583
	5,836	5,582
EQUITY (Note 8)	**1,983**	1,123
	$ 7,819	$ 6,705

Commitments (Note 11)

Approved by the Board:

Earl Jacobson
Chairperson of the Board

Gina Dolphus

Gina Dolphus
Chairperson of the Finance Committee

The accompanying notes are an integral part of the financial statements.

AURORA COLLEGE

STATEMENT OF OPERATIONS AND EQUITY
for the year ended June 30, 2004
(thousands of dollars)

	2004	2003
REVENUE		
Government contributions (Note 9)	$ 27,310	$ 27,069
Project income		
Territorial government	3,428	3,606
Federal government	422	640
Other	1,238	1,404
Tuition fees	1,854	1,738
Room and board	726	772
Investment income	95	76
Other	687	634
TOTAL REVENUE	**35,760**	35,939
EXPENSES		
Compensation and benefits	19,492	20,619
Contract services	7,579	7,420
Amortization of property and equipment	2,224	2,196
Materials and supplies	1,841	1,938
Utilities	1,451	1,520
Fees and payments	1,182	1,260
Travel and accommodation	669	994
Communication, postage and freight	462	511
TOTAL EXPENSES	**34,900**	36,458
NET RESULTS	**860**	(519)
EQUITY AT BEGINNING OF YEAR	**1,123**	1,642
EQUITY AT END OF YEAR	**$ 1,983**	$ 1,123

The accompanying notes are an integral part of the financial statements.

AURORA COLLEGE

CASH FLOWS STATEMENT
for the year ended June 30, 2004
(thousands of dollars)

	2004	2003
Cash flows from operating activities		
Net Results	$ **860**	$ (519)
Non-cash transactions:		
Goods and services received without charge (Note 9)	(2,058)	(2,211)
Goods and services received without charge		
- contract services (Note 10)	316	405
- amortization of property and equipment (Note 10)	1,742	1,806
(Gain) on disposal of property and equipment	(36)	(28)
Amortization of deferred capital contributions	(102)	(48)
Amortization of property and equipment	483	390
	1,205	(205)
Changes in non-cash items		
Accounts receivable and prepaid expenses	(336)	675
Accounts payable and other current liabilities	(47)	(340)
Employee future benefits	(62)	211
Professional development fund	160	174
	(285)	720
Cash generated from operating activities	**920**	515
Cash flows from financing activities		
Capital contributions	305	275
Cash flows from investing activities		
Proceeds from sale of equipment	38	28
Acquisition of property and equipment	(10)	(713)
Cash from (used in) investing activities	**28**	(685)
Net increase in cash	**1,253**	105
Cash and cash equivalents at beginning of year	**1,964**	1,859
Cash and cash equivalents at end of year	**$ 3,217**	$1,964

The accompanying notes are an integral part of the financial statements.

1. AUTHORITY AND MANDATE

The Aurora College is established under the *Public Colleges Act*. The College is a territorial corporation under the *Financial Administration Act* and is exempt from income taxes.

Aurora College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories (NWT). The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities throughout the NWT. Through the work of the Aurora Research Institute, the College is also responsible for the facilitation and preparation of research activity in the NWT.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. A summary of significant accounting policies follows:

a) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires the College to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the College believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to the allowance for doubtful accounts and employee future benefits.

b) Property and equipment

Property and equipment transferred to the College when it was established were recorded at their estimated fair market value. Subsequent acquisitions are recorded at cost. Property and equipment are amortized over their estimated remaining lives on a straight-line basis at the following annual rates:

Mobile equipment	5 - 33.33%
Building additions and renovations	5%
Furniture and equipment	10 - 40%
Leasehold improvements	over the term of the lease

c) Employee future benefits

Pension benefits

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The College's contribution to the plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the College and are charged to operations on a current basis. The College is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

Non-pension benefits

The College is required to recognize certain non-pension post-employment benefits over the periods which employees render services to the College. Employees are entitled to specified benefits on termination as provided for under conditions of employment, through a severance benefit plan. The College recognizes the cost of future severance benefits over the periods in which the employees render services to the entity and the liability for these benefits is recorded in the accounts as the benefits accrue to employees.

d) Government contributions and deferred capital contributions

Under a contribution agreement with the Government of the Northwest Territories (the Government) dated January 25, 1995, the College receives contributions for its operations and capital requirements for the administration and delivery of its adult and post-secondary education programs. Under the terms of this agreement, the College is allowed to retain all surpluses and is responsible for all deficits.

Contributions from the Government are the amounts set out in the Government's Main Estimates, as adjusted by supplementary appropriations, and represent the majority of the funding for the College to cover its expenses. Contributions for operating expenses are recognized on the statement of operations and equity in the College academic year for which it is approved. Contributions for depreciable capital assets are deferred and amortized on the same basis and in the same periods as the underlying capital assets.

e) Government Contributions –services provided without charge

The Government provides certain services without charge to the College. The estimated value of these services is recorded as government contributions – services provided without charge, and included in the expenses.

f) Project income and deferred project income

The College provides education and research services to outside parties through contractual arrangements. Payments received under these contracts for which the development and delivery of projects is not completed are recorded as deferred project income until completion.

g) Contract services

Contract services are acquired by the College through contractual arrangements. They include printing services, advertising, building and equipment repairs, software development, curriculum development, food service contracts, janitorial contracts, instruction contracts, leases and rental agreements. These amounts are charged as expenses in the year the services are rendered.

3. CASH AND CASH EQUIVALENTS

The College's cash balances are pooled with the Government's surplus cash and are invested in a diversified portfolio of high-grade short term income producing assets. The cash can be withdrawn from the bank accounts at any time and is not restricted by maturity dates on investments made by the Government. The Department of Finance approves the eligible classes of securities, categories of issuers, limits and terms. All instruments, depending on their investment class, are rated R-1 Low or better by the Dominion Bond Rating Service Ltd. The College's average annual investment yield for the year ended June 30, 2004 was 2.19% (2003 - 2.50%).

4. NET ACCOUNTS RECEIVABLE

	2004			2003
	(thousands of dollars)			
	Accounts Receivable	Allowance	Net	Net
Government contributions	$ -	$ -	$ -	$ 120
Project income				
- Government	483	3	480	313
- Other	450	16	434	560
Students	386	318	68	57
Advances	3	-	3	3
	$ 1,322	$ 337	$ 985	$ 1,053

All receivables are currently due and the fair value of these receivables approximates their carrying value.

5. PROPERTY AND EQUIPMENT

	2004			2003
	(thousands of dollars)			
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Mobile equipment	$ 2,246	$ 1,105	$ 1,141	$ 1,319
Building additions and renovations	1,991	647	1,344	1,444
Furniture and equipment	1,006	639	367	509
Leasehold improvements	919	624	295	349
	$ 6,162	$ 3,015	$ 3,147	$3,621

6. EMPLOYEE FUTURE BENEFITS

Pension benefit
During the year the Public Service Superannuation Plan (PSSA) required the College to contribute at a rate of 2.14 (2003 - 2.14) times the employees' contributions. Contributions to the PSSA during the year were approximately $1,583,000 (2003 - $1,161,000).

7. PROFESSIONAL DEVELOPMENT FUND

Under collective agreements, the College is required annually to make available a specific amount of funding, against which approved instructor professional development expenses are charged. The balance represents the accumulated unspent amount of the College's obligation to instructors.

8. EQUITY

The equity balance includes the net book value of capital assets transferred to the college when it was established and the results of operations since that date. The following appropriations have been made from equity:

(thousands of dollars)

Appropriated equity:	Balance, opening	Net Results	Appropri-ated	Used in Operations	Balance, ending
a) Program delivery	$ 117	$ -	$ -	$ -	$ 117
b) Research & development	75	-	19	(42)	52
c) HEO replacement & maintenance	164	-	12	-	176
d) Restricted Donations	23	-	11	(10)	24
Unappropriated equity:	744	860	(42)	52	1,614
Total equity	**$1,123**	**$ 860**	**$ -**	**$ -**	**$ 1,983**

a) Appropriated for Program Delivery

This appropriation is established to cover program costs contemplated in the annual Programs and Services Proposal prepared by the College, for which Government funding has not been approved. Allocations to and from this appropriation must be approved by the Board of Governors.

b) Appropriated for Research & Development

This appropriation is established to help fund research and development of the Research Associate and Fellowship programs at the Aurora Research Institute (ARI). Annually all unencumbered ARI administration revenue after fulfillment of third party contracts is transferred to this appropriation. Use of the appropriation must be approved by the Research Advisory Council.

c) Appropriated for HEO (Heavy Equipment Operator) Replacement & Maintenance

This appropriation is established to help fund replacement and maintenance of the HEO program heavy equipment. Annually net equipment rental fees charged to the third party contractors for HEO courses are transferred to this appropriation. Use of the appropriation must be approved by the Board of Governors.

d) Restricted Donations

From time to time, the College receives donations from individuals and corporations with conditions attached to them. In order to ensure that the wishes of the contributors are carried out, the donations are transferred to restricted donations until the conditions are met.

9. GOVERNMENT CONTRIBUTIONS

	2004	2003
	(thousands of dollars)	
Operating contributions	$ 25,150	$ 24,810
Amortization of deferred capital contributions	102	48
Services provided without charge	2,058	2,211
	$ 27,310	$ 27,069

10. RELATED PARTIES

The College is related in terms of common ownership to all Government created departments, agencies and Crown corporations. The College enters into transactions with these entities in the normal course of business at normal trade terms.

Expenses

Under terms of administrative agreements, the Government provides and charges for certain support services to the College. The College reimbursed the Government $1,262,000 (2003 - $1,649,000) for facility operating and utility costs, employee benefits and other expenses recorded in these statements.

Services Provided Without Charge

Additional services provided by the Government without charge to the College include payroll processing, insurance and risk management, legal counsel, construction management, records storage, computer operations, asset disposal, project management, and translation services. These services would have cost the College an estimated $316,000 (2003 - $405,000).

The College also receives from the Government, without any rental charges, the use of facilities for two of its campuses, certain student housing units and community learning centres. The use of these facilities would have cost the College an estimated $1,742,300 (2003 - $1,805,800), the Government's amortization expense for these assets has been used as the basis for this estimate.

These services provided without charge are included in:

	2004	2003
	(thousands of dollars)	
Contract services	$ 316	$ 405
Amortization of property and equipment	1,742	1,806
	$ 2,058	$ 2,211

11. COMMITMENTS

In addition to facilities provided by the Government, the College has operating leases and service agreements for student accommodation, classroom space, office equipment and other services and is committed to basic payments as follows:

	(thousands of dollars)
2005	$ 3,061
2006	2,888
2007	2,806
2008	1,253
2009	799
thereafter	8,788
	$ 19,595

12. COMPARATIVE FIGURES

The 2003 comparative figures have been re-stated to conform with financial statement presentation adopted in the current year.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

FINANCIAL STATEMENTS

for the year ended March 31, 2005

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FINANCIAL STATEMENTS

MARCH 31, 2005

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NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Northwest Territories Business Credit Corporation (the Corporation) were prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting policies exist, management has chosen those it deems most appropriate in the circumstances. Financial statements include amounts requiring estimates, which have been made based upon informed judgment as to the expected results of current transactions and events, such as the provision for losses on impaired loans and services provided by the Government of the Northwest Territories (the Government) without charge. Management has prepared the financial information presented elsewhere in this annual report and has ensured that it is consistent with the financial statements.

The Corporation maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, and that assets are acquired prudently, used to further the Corporation's aims, and are protected from loss.

The Corporation is subject to the *Northwest Territories Business Credit Corporation Act* and the *Financial Administration Act*. It also receives ministerial directives establishing policy guidelines. Management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable legislation and for maintaining standards of conduct that are appropriate to a territorial Crown corporation.

The Board of Directors appoints certain of its members to serve on the Audit Sub-Committee. This Sub-Committee oversees management's responsibility for financial reporting and reviews and recommends the financial statements to the Board for approval.

The Auditor General of Canada annually provides an independent audit for the purpose of expressing her opinion on the financial statements. She also considers whether the transactions that come to her notice in the course of this audit are, in all significant aspects, in accordance with the specified legislation.

Douglas Doan
Interim Chief Executive Officer

June 1, 2005

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the
Northwest Territories Business Credit Corporation

I have audited the balance sheet of the Northwest Territories Business Credit Corporation as at March 31, 2005 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Northwest Territories Business Credit Corporation Act* and regulations and the by-laws of the Corporation.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
June 1, 2005

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NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

BALANCE SHEET
MARCH 31

	000's	
ASSETS	**2005**	**2004**
Cash and Cash Equivalents (Note 3)	$ 599	$ 218
Loans Receivable (Note 4)	41,526	40,534
Accrued Interest Receivable (Note 4)	223	188
	41,749	40,722
Less: Allowance for Losses on Impaired Loans (Note 5)	9,541	8,955
	32,208	31,767
Property and Equipment (net of accumulated amortization of $97 (2004: $93))	5	15
	$ 32,812	$ 32,000
LIABILITIES		
Deferred Property and Equipment Contribution	$ 5	$ 15
Advance from the Government (Note 6)	35,897	35,578
	35,902	35,593
DEFICIT		
Deficit	(3,090)	(3,593)
	$ 32,812	$ 32,000

CONTINGENT LIABILITIES (NOTE 7)

APPROVED:

Chairperson of the Board of Directors

Interim Chief Executive Officer

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

STATEMENT OF OPERATIONS AND DEFICIT
For the Year Ended March 31

	000's	
LENDING ACTIVITIES	**2005**	**2004**
Interest Income on Loans Receivable	$ 2,289	$ 2,139
Interest Expense on Advance from the Government (Note 6)	1,200	1,050
Net Interest Income	1,089	1,089
Provision for Losses on Impaired Loans (Note 5)	586	2,216
Net Income (Loss) on Lending Activities	503	(1,127)
ADMINISTRATIVE EXPENSES		
Salaries and Benefits	689	667
Professional Fees	53	34
Office and General	49	53
Board Meetings	31	15
Computer Services	16	13
Rent	13	-
Amortization	10	13
Communications	10	12
	871	807
Net loss before contribution toward administrative expenses	(368)	(1,934)
Less: Administrative Contribution - the Government (Note 9)	871	807
NET INCOME (LOSS) FOR THE YEAR	503	(1,127)
DEFICIT AT THE BEGINNING OF THE YEAR	(3,593)	(2,466)
DEFICIT AT THE END OF THE YEAR	$ (3,090)	$ (3,593)

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

STATEMENT OF CASH FLOWS
For the Year Ended March 31

	000's	
CASH FLOWS FROM OPERATING ACTIVITIES	**2005**	**2004**
Interest Received on Loans Receivable	$ 2,241	$ 2,108
Interest Repayment of Advance to the Government	(1,200)	(1,386)
Contribution Received Toward Administrative Expenses	864	801
Administrative Expenses Paid	(864)	(801)
Interest Received on Bank Account	13	17
	1,054	739
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans Receivable Repaid	5,906	6,587
Loans Receivable Disbursed	(6,898)	(11,861)
Purchase of Property and Equipment	-	(3)
	(992)	(5,277)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from the Government	500	4,847
Principal Repayment of Advance to the Government	(181)	(137)
Contribution Received Toward Acquisition of Property and Equipment	-	3
	319	4,713
NET INCREASE IN CASH	$ 381	$ 175
Cash and Cash Equivalents at Beginning of the Year	$ 218	$ 43
Cash and Cash Equivalents at End of the Year	$ 599	$ 218

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 2005

1. AUTHORITY, OBJECTIVE AND OPERATION

The Corporation was established in 1991 pursuant to the *Northwest Territories Business Credit Corporation Act* (Act). It is subject to the *Financial Administration Act* and is a Crown Corporation of the Government and is exempt from income tax.

The Corporation's objective is to stimulate economic development and employment in the Northwest Territories to resident business enterprises, by providing loans, guaranteeing loans made by financial institutions, providing bonds and indemnifying bonding companies which have provided bonds. In addition, the Corporation is responsible for making business development loans to Northern businesses to create economic development opportunities in communities where conventional lending institutions are not prepared to participate. Its role is a blend of being a last resort lender and a developmental agency for higher risk entrepreneurial ventures.

Economic dependency

The Corporation is economically dependent upon the Government's continuing contributions for direct administrative expenses and advances.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies followed by the Corporation in the preparation of these financial statements are summarized below.

Loans

Loans are stated at the lower of principal amounts or estimated realizable amounts receivable. Accrued interest receivable and an allowance for losses on impaired loans are recorded separately.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Allowance for losses on impaired loans

The allowance for losses on impaired loans represents management's best estimate of probable losses on loans at the end of the fiscal year. The allowance has a specific and general component.

a) Specific allowance: A loan is classified as impaired when one or more of the following conditions exist:

- in the opinion of management, there is reasonable doubt as to the ultimate collectability of principal or interest, or
- principal or interest is six months past due, unless the loan is well secured, or
- the loan has been previously restructured and principal or interest is three months past due, or
- principal or interest is twelve months past due regardless of whether or not the loan is well secured, or
- there is a significant decline in the value of the security underlying the loan.

When a loan is classified as impaired, the carrying amount of the loan is reduced to its estimated realizable amount as determined based on management's estimates. This is the lower of the recorded amount of the loan or the net fair market value of the security underlying the loan. The amount of initial impairment and any subsequent changes in the amount of impairment are recorded as a charge or credit to the specific allowance.

b) General allowance: In addition to the specific allowance, the Corporation maintains a general allowance, established at two percent (2%) of loans receivable, net of the specific provision, to reflect management's estimate for losses on those impaired loans which cannot yet be specifically identified. The general allowance is determined based on historical loss experience, aggregate exposure in particular industries or geographical regions, and prevailing economic conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue recognition

Interest revenue on loans receivable is recognized on an accrual basis. The Corporation ceases to accrue interest once a loan is classified as impaired. Payments received on impaired loans are credited to the loan balance and recognized as revenue only when either the loan balance has been repaid or the loan is no longer classified as impaired. Payments received on any previously written off loans are recognized as revenue.

Property and Equipment

Property and equipment are recorded at cost. Amortization is calculated on a straight line basis over the estimated useful life of the assets as follows:

Computers	3 years
Furniture and Equipment	4 years

Employee future benefits

Employees participate in the Public Service Pension Plan administered by the Government of Canada. The Corporation's contribution to the plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Corporation and are charged to operations on a current basis. The Corporation is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

Under the conditions of employment, employees earn non-pension severance and removal benefits. These non-pension benefits are not a liability of the Corporation, they are accrued by the Government as the benefits are earned. These benefits are paid by the Government upon resignation, retirement or death of employees.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could significantly differ from those estimates. Some of the more significant estimates made relate to loans and accrued interest receivable, allowance for losses on impaired loans and provision for losses on impaired loans.

3. CASH AND CASH EQUIVALENTS

The Corporation's cash is pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets. The cash can be withdrawn at any time, and is not restricted by maturity dates on investments made by the Government.

The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments depending on the investment class, are rated R-1 Low or better from the Dominion Bond Rating Service Limited. The Corporation's average investment yield was 1.9% during the year (2004: 2.4%).

Net investment income of $13,000 (2004: $17,000) is included in Interest Income on Loans Receivable.

4. LOANS AND ACCRUED INTEREST RECEIVABLE

The Corporation provides loans for periods up to five years and amortization not exceeding twenty-five years at fixed rates based on risk factors including the size of the loan, the security provided and the ability of the client to make scheduled payments.

4. LOANS AND ACCRUED INTEREST RECEIVABLE (CONT'D)

	Range of Annual Interest Rates		000's	
Region	2005	2004	2005	2004
Loans Receivable				
Deh Cho	5.75 - 8.75%	5.75 - 9.25%	$ 3,695	$ 2,921
Inuvik	5.75 - 9.25%	6.50 - 9.50%	6,056	7,012
North Slave	3.50 - 9.75%	3.50 - 9.75%	12,922	13,180
Sahtu	6.75 - 8.50%	6.75 - 9.50%	3,082	2,422
South Slave	5.75 - 9.50%	5.75 - 9.50%	15,771	14,999
			41,526	40,534
Accrued Interest Receivable				
Current			146	155
Arrears			77	33
			223	188
			$ 41,749	$ 40,722

Loans receivable and accrued interest include $11,167,000 of loans receivable (2004: $11,150,000) and $16,000 of accrued interest (2004: $9,000) that the Corporation has specifically classified as impaired. In 2005, interest not accrued on impaired loans totalled $906,000 (2004: $785,000).

The value of loans in which the Corporation has title to or foreclosed on totalled $816,000 (2004: $839,000). These loans have related allowances for losses totalling $736,000 (2004: $723,000). The value of assets in which the Corporation has title to or foreclosed on totalled $80,000 (2004: $116,000). The asset foreclosed on is real property and has been valued by a certified estate appraiser based on standard appraisal practice techniques.

4. LOANS AND ACCRUED INTEREST RECEIVABLE (CONT'D)

As of March 31, 2005, loans receivable are expected to mature as follows:

Maturity Date	Range of Annual Interest Rates	000's
Non-impaired loans		
Loans past due	6.75 – 9.50%	$ 2,402
2006	7.00 – 9.00%	1,291
2007	6.25 – 9.75%	2,204
2008	3.50 – 7.50%	7,455
2009	6.25 – 9.50%	8,531
2010 and beyond	5.75 – 8.50%	8,476
Impaired loans		11,167
		$ 41,526

Write-offs

Under the provisions of the *Financial Administration Act*, a loan (outstanding principal and interest) can only be approved for write-off by either the Legislative Assembly (over $20,000) or the Board of Directors ($20,000 or less). A loan written off is still subject to collection action.

In 2005, no accounts were written off by the Legislative Assembly (2004: nil) and no accounts were written off by the Board of Directors (2004: nil).

In 2005, recoveries on loans previously written off totalled $12,147 (2004: $746).

Forgiveness

Under the provisions of the *Financial Administration Act*, a loan can only be approved for forgiveness by either the Legislative Assembly (over $1,000) or the Financial Management Board ($1,000 or less). Once a loan has been forgiven, no further collection action is possible.

In 2005, no accounts were forgiven by the Legislative Assembly (2004: four accounts representing four borrowers totalling $630,733). No accounts were forgiven by the Financial Management Board (2004: nil).

4. LOANS AND ACCRUED INTEREST RECEIVABLE (CONT'D)

Credit risk

The Corporation's credit risk exposure relating to loans receivable is directly impacted by the borrowers' ability to meet their obligations. This ability is impacted by the borrowers' exposure to fluctuations in the economy of the Northwest Territories.

The Corporation mitigates credit risk by holding no significant concentration with any individual borrower. It is prevented by the Act from lending to any one business enterprise or to a group of related enterprises an amount in excess of $2 million. Where appropriate, the Corporation takes security for the loans.

Economic sector diversity

The Corporation diversifies its loan portfolio by providing loans to various economic sectors of the Northwest Territories.

	000's	
	2005	2004
Trade and Services	$ 24,238	$ 22,722
Travel and Tourism	5,816	5,269
Transportation, Communication and Utilities	3,868	4,382
Construction	3,501	3,706
Manufacturing	2,613	2,799
Fisheries	555	614
Agriculture	531	623
Wildlife	149	160
Forestry	132	121
Arts and Crafts	123	138
	$ 41,526	$ 40,534

4. LOANS AND ACCRUED INTEREST RECEIVABLE (CONT'D)

Impaired loan portfolio by economic sectors are as follows:

	000's	
	2005	2004
Trade and Services	$ 4,264	$ 4,423
Travel and Tourism	3,421	3,216
Construction	1,233	1,305
Transportation, Communication and Utilities	783	800
Manufacturing	730	856
Agriculture	224	224
Fisheries	215	190
Wildlife	149	-
Arts and Crafts	111	98
Forestry	37	38
	$ 11,167	$ 11,150

Fair Value

The carrying value, estimated to be the fair value of the loans, is stated at the lower of principal amounts or estimated realizable amount receivable. The Corporation bases its estimate of the fair value of the loans on analysis of the principal outstanding and the value of any underlying security. As with any estimate, uncertainty is inherent due to the unpredictability of future events. Estimates of fair values are based on market conditions at a certain point of time, and may not be reflective of the actual values that could be realized upon settlement.

5. ALLOWANCE FOR LOSSES ON IMPAIRED LOANS

	000's	
	2005	2004
Specific Allowance for Losses on Impaired Loans:		
Balance at beginning of year	$ 8,311	$ 6,788
Provision for the year	577	2,154
	8,888	8,942
Less: write-offs	-	-
forgiveness	-	631
	-	631
Balance at end of year	8,888	8,311
General Allowance for Losses on Impaired Loans:		
Balance at beginning of year	644	582
Provision for the year	9	62
Balance at end of year	653	644
Allowance for Losses on Impaired Loans	$ 9,541	$ 8,955

6. ADVANCE FROM THE GOVERNMENT OF THE NORTHWEST TERRITORIES

The Act authorizes the Corporation to borrow for the purpose of lending, up to $50 million from the Government through an advance. Increases to the outstanding balance of the advance must be approved by the Financial Management Board based on the need of the Corporation. The balance was not to exceed $45 million as at March 31, 2005 (2004: $45 million).

Interest on the advance is based on the rate set at the last week of each month of the Government of Canada 3-year bonds, compounded annually. The rate varied from 3.0% to 3.8% during the year (2004: 2.7% to 3.8%).

There are no fixed repayment terms on the advance. Repayment on the advance is made whenever the Corporation has sufficient cash on hand not earmarked for lending purposes.

The carrying amount of the advance from the Government of the Northwest Territories of $35,897,000 (2004: $35,578,000) approximates fair value.

7. CONTINGENT LIABILITIES

The Corporation is named as co-defendant in one proceeding. This proceeding is related to steps taken by the Corporation to call and enforce its rights involving the collateral security of a loan. An estimate of the contingent loss arising from this action, if any, cannot be reasonably determined at this time. Liability arising from the proceeding, if any, will be reflected as an expense when determined.

The Corporation has two outstanding irrevocable standby letters of credit. These letters of credit are for $110,000 and $30,000 and expire on September 25, 2005 and April 26, 2005 respectively. The latter was renewed for another year on April 20, 2005. Payment by the Corporation is due from these letters in the event that the applicant is in default of the underlying debt. To the extent that the Corporation has to pay out third parties as a result of these agreements, these payments will be owed to the Corporation by the applicants. The letters of credit are secured by promissory notes and general security agreements. There are currently no amounts that the Corporation has paid out as a result of these letters of credit and no amount has been recorded as a liability.

8. PUBLIC SERVICE PENSION PLAN

The Corporation and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consume Price Index. The Corporation's and employees' contributions in the Public Service Pension Plan for the year were as follow:

	000's	
	2005	2004
Corporation's contributions	$ 57	$ 68
Employees' contributions	31	29

9. RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed, the Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises except that certain services, as explained hereafter, are provided without charge.

9. RELATED PARTY TRANSACTIONS (CONT'D)

Administrative contribution

Under the terms of administrative agreements between the Corporation and the Government, direct administrative expenses of the Corporation are fully funded by the Government. Accrued expenses such as amortization and the annual leave are recorded as charges against the contribution in the year they are incurred.

Services provided without charge

The Corporation does not record the value of other property and equipment or services provided by the Government without charge in these financial statements. Services provided by the Government include accounting support, regional and human resource services as well as office accommodation and some property and equipment. The values of such services are estimated as follow:

	000's	
	2005	2004
Staff support	$ 596	$ 623
Accommodation	36	48
Employee future long term benefits	10	14
	$ 642	$ 685

Cumulative employee future long term benefits accrued at March 31, 2005 is $101,000 (2004: $106,000). The Government paid out $15,000 of employee future long term benefits during the year (2004: nil).

Furthermore, the Corporation receives audit services without charge from the Office of the Auditor General of Canada.

10. NORTHWEST TERRITORIES BUSINESS DEVELOPMENT AND INVESTMENT CORPORATION

On April 1, 2005, the *Northwest Territories Business Development and Investment Act* came into effect and created the Northwest Territories Business Development and Investment Corporation. This new corporation is the successor of the Corporation that was dissolved effective that date. All rights, titles, interests, agreements, obligations, liabilities and programs of the Corporation were transferred to the new corporation.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

FINANCIAL STATEMENTS

for the year ended March 31, 2005

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Estate and Trust Fund

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Notes to the Financial Statements

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AUDITORS' REPORT

Commissioner

We have audited the Balance Sheet of the Estate and Trust Fund as at March 31, 2005 and the Statements of Operations and Changes in Fund Balance for the year then ended. These financial statements are the responsibility of the Office of the Public Trustee for the Northwest Territories. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly in all material respects, the financial position of the Fund as at March 31, 2005, the results of operations and the changes in the Estate and Trust Fund Balance for the year then ended in accordance with accounting policies of the Public Trustee as outlined in Note 2 to the financial statements and as required by the Public Trustee Act and Regulations.

We further report that in our opinion, proper books of account have been kept by the Public Trustee, the financial statements are in agreement therewith and the transactions that have come under our notice have in all significant respects, been within the statutory powers of the Public Trustee.

AVERY, COOPER & CO.
Certified General Accountants
Yellowknife, N.W.T.

May 12, 2005

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PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE AND TRUST FUND

BALANCE SHEET
March 31, 2005

ASSETS

	2005	2004
Cash (Note 3)	$3,297,167	$2,894,961
Other assets at nominal value	1	1
	$3,297,168	$2,894,962

LIABILITIES

	2005	2004
Undistributed Common Fund earnings per Statement II (Note 4)	$ 30,274	$ 27,085
Estate and Trust Fund per Statement III (Note 5)	3,266,894	2,867,877
	$3,297,168	$2,894,962

APPROVED:

Public Trustee for the Northwest Territories

See the accompanying notes.

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STATEMENT II

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE AND TRUST FUND

STATEMENT OF OPERATIONS
For the year ended March 31, 2005

	2005	2004
Undistributed Common Fund earnings, opening	$ 27,085	$ 29,703
Add		
Common Fund earnings	68,808	77,187
	95,893	106,890
Less		
Interest paid to estates and trusts	35,931	49,571
Management fees	28,072	26,495
Miscellaneous account deficiencies	-	-
Excess interest paid to the Government of the Northwest Territories	1,616	3,739
	65,619	79,805
Undistributed Common Fund earnings, closing	$ 30,274	$ 27,085

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE AND TRUST FUND

STATEMENT OF CHANGES IN ESTATE AND TRUST FUND BALANCE

For the year ended March 31, 2005

	2005	2004
Estate and trust funds provided:		
Estate and trust assets received	$ 1,238,411	$ 1,136,295
Common Fund interest paid to estates and trusts	35,931	49,570
	1,274,342	1,185,865
Estate and trust funds applied:		
Payments to beneficiaries	705,084	790,989
Disbursements made on behalf of estates and trusts	110,774	120,629
Administration fees	53,250	63,805
GST on Administration fees	3,727	4,467
Court fees	2,490	2,898
	875,325	982,788
Increase (Decrease) in Estate and Trust Fund balance	399,017	203,077
Estate and Trust Fund balance, opening	2,867,877	2,664,800
Estate and Trust Fund balance, closing	$ 3,266,894	$ 2,867,877

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2005

NOTE 1 AUTHORITY

The Public Trustee operates under the authority of the Public Trustee Act, Revised Statutes of the Northwest Territories 1988, Chapter P-19 as amended.

NOTE 2 ACCOUNTING POLICIES

a) These financial statements have been prepared on the cash basis of accounting except as otherwise stated.

b) All Estate and Trust Fund assets other than cash, which include business interests, mortgages, stocks, bonds, term deposits, real estate and other assets, are carried at a nominal value of one dollar ($1).

c) Expenditures for the operation of the Office of the Public Trustee are paid from the Consolidated Revenue Fund of the Government of the Northwest Territories and, except for $82,937 (2004- $94,040) paid to the Consolidated Revenue Fund as administration fees, management fees, and the transfer of interest earned, are not reflected in these financial statements.

NOTE 3 CASH IN BANK

The Office of the Public Trustee is a member of the Government of the Northwest Territories investment pool.

The Government of the Northwest Territories consolidates and invests the cash balances of all investment pool participants in money market securities. The monies for these investments flow out of the Government of the Northwest Territories main revenue account and accordingly do not affect the cash balances of the participants. Investment pool revenues are prorated and paid to participants weekly.

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PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS
March 31, 2005

NOTE 4 UNDISTRIBUTED COMMON FUND EARNINGS

Common Fund earnings are distributed half-yearly, on April 30 and October 31 each year, as interest paid to estates and trusts, management fees and excess interest paid to the Government of the Northwest Territories.

Interest earned on the Common Fund is utilized to pay prescribed interest on estates and trusts, prescribed management fees and any deficiency between the aggregate amount of sums invested in the Common Fund and the actual value of the investments of the Common Fund. Where the interest earned on investment of the Common Fund exceeds the amount required to make these payments, the excess is paid to the Consolidated Revenue Fund of the Government of the Northwest Territories.

The balance of Undistributed Common Fund earnings represents the cumulative earnings of the Common Fund between November 1 and March 31 which will be distributed on April 30 of the next fiscal year.

NOTE 5 ESTATE AND TRUST FUND

The Estate and Trust Fund reflects all known assets of the estates and trusts administered by the Public Trustee. The Estate and Trust Fund is comprised of the following amounts:

	2005	2004
Common Fund	$3,266,893	$2,867,876
Other assets, at nominal value	1	1
	$3,266,894	$2,867,877

NOTE 6 FINANCIAL INSTRUMENTS

The financial instruments of the organization consist of cash, undistributed Common Fund earnings, and the Common Fund. It is management's opinion that the organization is not exposed to significant interest, currency or credit risks and that the fair value of these financial instruments approximate their carrying value.

NORTHWEST TERRITORIES POWER CORPORATION

CONSOLIDATED
FINANCIAL STATEMENTS

for the year ended March 31, 2005

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements were prepared by management in accordance with Canadian generally accepted accounting principles (GAAP). Where GAAP permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. The Northwest Territories Power Corporation (the Corporation) is regulated by the Public Utilities Board of the Northwest Territories, which also examines and approves its accounting policies and practices. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Corporation maintains financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further the Corporation's aims, are protected from loss or unauthorized use and that the Corporation acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a territorial Crown corporation. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the consolidated financial statements. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors appoints certain members to serve on the Audit and Efficiency Committee. This Committee oversees management's responsibilities for financial reporting and reviews and recommends approval of the consolidated financial statements. The internal and external auditors have full and free access to the Audit and Efficiency Committee.

The consolidated financial statements have been approved by the Board of Directors.

Leon Courneya
Leon Courneya, FCA
President & CEO

Judith Goucher
Judith Goucher, MA
Director, Finance & CFO

Hay River, NT
May 27, 2005

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Power Corporation

I have audited the consolidated balance sheet of the Northwest Territories Power Corporation as at March 31, 2005 and the consolidated statements of earnings and retained earnings, and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied, after giving retroactive effect to the change in the classification of the provision for future removal and site restoration as explained in Note 3 to the consolidated financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and its wholly-owned subsidiaries and the consolidated financial statements are in agreement therewith and the transactions of the Corporation and of its wholly-owned subsidiaries that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, *the Northwest Territories Power Corporation Act*, and the by-laws of the Corporation and its wholly-owned subsidiaries.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 27, 2005

NORTHWEST TERRITORIES POWER CORPORATION

Consolidated Statement of Earnings and Retained Earnings
For the year ended March 31
($000's)

	2005	2004 (restated Note 4b)
Revenues		
Sale of power	$ 66,410	$ 66,019
Other (Note 5)	1,698	2,336
	68,108	68,355
Expenses		
Salaries and wages	15,761	16,409
Fuels and lubricants	15,016	15,550
Supplies and services	11,735	10,822
Amortization, property, plant & equipment	7,239	7,159
Travel and accommodation	2,191	1,880
Amortization, deferred charges	312	360
	52,254	52,180
Earnings from operations	15,854	16,175
Interest income	377	467
Contract work, net (Note 6)	44	133
Earnings before interest expense	16,275	16,775
Interest expense (Note 7)	9,846	9,596
Net earnings	6,429	7,179
Retained earnings at beginning of year, as restated (Note 4 & 16)	36,097	32,418
Capital adjustment (Note 4a)	(285)	-
Dividend (Note 8)	(3,300)	(3,500)
Retained earnings at end of year	$ 38,941	$ 36,097

See accompanying notes

NORTHWEST TERRITORIES POWER CORPORATION

Consolidated Cash Flow Statement
For the year ended March 31
($000's)

	2005	2004
Cash flows from operating activities		
Cash receipts from customers	$ 69,479	$ 73,725
Cash paid to suppliers and employees	(50,429)	(48,066)
Interest received	220	289
Interest paid	(10,400)	(10,063)
Cash flows from operating activities	8,870	15,885
Cash flows used in investing activities		
Property, plant and equipment constructed or purchased	(25,921)	(11,124)
Proceeds from sale of property, plant and equipment	10	13
Cash flows used in investing activities	(25,911)	(11,111)
Cash flows from (used in) financing activities		
Repayment of long-term debt	(998)	(964)
Proceeds from long-term borrowings	25,000	-
Received from Nunavut Power Corporation related to Division (Note 4)	5,111	-
Net (repayment) / proceeds from short-term borrowings	(1,000)	997
Repayment of net lease obligation	(118)	(144)
Sinking fund instalments	(3,308)	(3,008)
Dividends paid	(5,718)	(4,000)
Cash flows from (used in) financing activities	18,969	(7,119)
Net increase (decrease) in cash	1,928	(2,345)
(Bank indebtedness) cash at beginning of year	(1,772)	573
Cash (bank indebtedness) at end of year	$ 156	$ (1,772)

See accompanying notes

NORTHWEST TERRITORIES POWER CORPORATION

Consolidated Balance Sheet
As at March 31
($000's)

	2005	2004 (restated Note 4b)
Assets		
Property, plant and equipment (Note 9)		
Plant in service	$ 294,133	$ 272,681
Less accumulated amortization	(72,215)	(70,377)
	221,918	202,304
Construction work in progress	4,808	16,767
	226,726	219,071
Current assets		
Cash	156	-
Accounts receivable	13,646	11,152
Inventories	6,832	5,992
Prepaid expenses	647	1,156
	21,281	18,300
Other long-term assets		
Due from Nunavut Power Corporation (Note 4)	-	5,309
Sinking fund investments (Note 10)	28,850	24,082
Regulatory assets (Note 11)	15,879	11,051
Other deferred costs	642	522
	45,371	40,964
	$ 293,378	$ 278,335
Liabilities and Shareholder's Equity		
Long-term debt		
Long-term debt, net of sinking fund investments (Note 12)	$ 110,304	$ 91,106
Sinking fund investments presented as assets	28,850	24,082
Net lease obligation (Note 13)	1,539	1,622
	140,693	116,810
Current liabilities		
Short-term debt and bank indebtedness (Note 14)	10,000	12,772
Accounts payable and accrued liabilities	12,927	10,527
Dividends payable	3,300	5,799
Note payable for Bluefish	-	9,399
Current portion of long-term debt (Note 12)	1,032	999
	27,259	39,496
Other long-term liabilities		
Regulatory liabilities (Note 11)	40,867	40,781
Employee future benefits (Note 15)	2,489	2,022
	43,356	42,803
Shareholder's equity (Note16)	82,070	79,226
	$ 293,378	$ 278,335

Commitments and contingencies (Note 17)

See accompanying notes

Approved on behalf of the Board:

Richard Nerysoo
Chairman of the Board

Louis Sebert
Director

1. Authority and operation

The Corporation is established under the *Northwest Territories Power Corporation Act*. The Corporation is a public agency under Schedule B of the *Financial Administration Act* and is exempt from income tax.

The Corporation operates diesel, natural gas and hydroelectric production facilities to provide utility services on a self-sustaining basis in the Northwest Territories.

2. Accounting policies

Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries NWT Energy Corporation Ltd., NWT Energy Corporation (03) Ltd., Sahdae Energy Ltd., and 5383 NWT Ltd.

NWT Energy Corporation Ltd., under the authority of the *Northwest Territories Power Corporation Act*, financed the Dogrib Power Corporation in 1996 for the construction of a 4.3 MW hydro facility. The NWT Energy Corporation (03) Ltd. has two operations: the operation, management and shared ownership of one residual heat project in Fort McPherson and the development of business opportunities outside the regulated business including development of hydroelectric projects. Sahdae Energy Ltd. began operations in 2005. Its mandate is to pursue a hydro development project on the Great Bear River to provide power to the potential Mackenzie Valley pipeline. 5383 NWT Ltd. is an inactive company.

Rates and regulation (excluding sales by subsidiaries)

The Corporation is regulated by the Public Utilities Board of the Northwest Territories (PUB), which administers regulations covering such matters as rates, financing, accounting, construction, operation, and service area. The PUB is an entity independent from the Corporation. The PUB sets the Corporation's electricity rates on a community cost of service basis for a given year. The PUB uses cost of service regulation to regulate the Corporation's earnings on a rate of return basis. In the last General Rate Application the PUB approved an allowed rate of return of 9.5%. The PUB is required by the *Public Utilities Act* to review the affairs, earnings and accounts of the Corporation a minimum of every three years.

The PUB has the authority to include or exclude costs, revenues, losses or gains in the rates for a given year, resulting in a difference in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The Corporation's regulatory assets represent certain amounts receivable from customers in the future and costs that have been deferred for accounting purposes that will be recovered in future rates. The Corporation also has regulatory liabilities which represent amounts for expenses incurred in different periods than would be the case if the Corporation was unregulated. Specific regulatory assets and liabilities are disclosed in Note 11.

As a result of rate regulation, the regulatory accounting policies adopted by the Corporation may differ from the accounting policies typically followed by unregulated entities. Specifically, policies in relation to regulatory assets and liabilities and amortization policies are different. A summary of the significant accounting policies follows. The PUB has approved the accounting treatments described.

Regulatory Assets

The L-199 transmission line costs captures the amounts spent to recommission and litigate outstanding issues with respect to the L-199 transmission line. The PUB approved these costs in the 2001/02 General Rate Application. The PUB directed that these costs be set up in a deferral account until such time as the litigation is completed. Once this process is complete, the PUB will set the period of recovery and allocation of cost in rates.

The Rate Stabilization Funds mitigate the impact on utility rates of changes in diesel and natural gas fuel prices as well as fluctuations in hydro generation caused by water levels. The impact of any increases or decreases in fuel prices or hydro generation over the PUB approved amounts is deferred. The deferred amounts are accumulated until PUB specified limits are reached, at which time rate-riders are applied, with PUB approval, to recover or refund the amounts necessary to bring the funds back to the approved limits.

The Snare Cascades Deferral Account eased the impact on utility rates resulting from the Snare Cascades project being added to the rate base in 1997. The increase in costs caused by the hydro project addition to the rate base, net of savings from displaced diesel generation, was deferred for five years. These costs are being recovered through a PUB approved rate-rider through 2011.

The Reserve for Injuries and Damages includes costs for uninsured and uninsurable losses and the deductible portion of insured claims. The PUB approved $485 to be included in annual expenses for this fund.

Regulated Employee Future Benefits represent benefits accrued under employment agreements since April 1, 2001.

Financing costs relating to the issue of long-term debt are amortized on a straight-line basis over the remaining term of the related debt.

Regulatory Costs include incremental expenses incurred to apply to the PUB for a multi-year General Rate Application (GRA). The PUB approved $228 to be included in annual expenses for this fund.

The Normalized Overhaul Costs include costs to overhaul hydro, diesel and natural gas units that occur over the life of these assets. The PUB approved $1,573 to be included in annual expenses for this fund.

The regulatory assets noted above are charged to operations at PUB approved amounts that are estimated to annualize the costs over time or will be recoverable in the future through straight line rate collections (refunds).

Other regulatory assets include the pending insurance claims costs and other costs. These costs are subject to recovery through insurance, the courts or the customers through PUB decisions.

Regulatory Liabilities

The Reserve for Future Removal and Site Restoration is a deferral account that records the funds collected from customers for the future removal of assets and the restoration of the Corporation's operating sites. A provision for environmental costs related to future costs required to remediate past contamination is also included in the reserve. This reserve increases annually using PUB approved amortization rates applied over the estimated useful lives of the related assets on a straight-line average group useful life basis. Due to the long term nature of the assumptions made in deriving these estimates, the reserve is periodically revised and updated for current information. Actual costs incurred in a given year for asset removals, site clean up or environmental remediation are charged to this account.

Deferred revenues reflect contributions to aid in the construction and acquisition of property, plant and equipment. Deferred revenues are amortized on the same basis as the related property, plant and equipment, and the resulting credit is offset against the corresponding provision for amortization of property, plant and equipment.

Revenues

Sale of power, interest, contract and other revenues are recognized on the accrual basis and include an estimate of services provided but not yet billed.

Property, plant and equipment

Property, plant and equipment are recorded at original cost and include materials, direct labour and a proportionate share of directly attributable overhead costs and an allowance for funds used during construction which provides for a return on capital at a rate approved by the PUB.

Included in amortization expense and regulatory liabilities is an amount allowed for regulatory purposes for future removal and site restoration costs. Actual costs of removal and restoration are recorded against this balance in regulatory liabilities in Note 11.

When a regulated asset is retired or disposed of the retirement of these assets is charged to the accumulated amortization with no gain or losses reflected in operations. Gains or losses arising from exceptional circumstances are included in earnings.

Amortization

Amortization of property, plant and equipment is provided on the straight-line average group useful life basis, at rates which are approved by the PUB, a portion of which is accounted for as a reserve for future removal and site restoration costs. Amortization is suspended when assets are removed from service for an extended period of time.

Amortization rates are as follows:

	%
Electric power plants	1.16 - 5.25
Transmission and distribution systems	1.09 - 4.66
Electric power plants under capital lease	1.16 - 5.25
Warehouse, equipment, motor vehicles and general facilities	1.76 - 9.76
Other utility assets	2.5 - 20.0
Other	20.0

Inventories

Fuels and lubricants and materials and supplies are valued at average cost.

Asset retirement obligations

As of April 1, 2004, the Corporation retroactively adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3110, "Asset Retirement Obligations". This new standard identifies the recognition, measurement and disclosure of legal obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. An asset retirement obligation is recorded as a liability, with a corresponding increase to property, plant and equipment.

The Corporation has asset retirement obligations for certain of its transmission and distribution assets. However, the Corporation expects to operate these assets in perpetuity and therefore it is not possible to make a reasonable estimate of the fair value of these obligations at this time. The Corporation intends to recognize asset retirement obligations when the timing and cost can be reasonably estimated.

Sinking fund investments
Securities held in sinking funds are recorded at cost. Interest, dividends and realized gains and losses are included in sinking fund income. Unrealized gains are not recognized. Unrealized losses are recognized only when the decline in value is considered other than a temporary decline in the value of the sinking fund investments.

Public Service Pension Plan
Employees participate in the Public Service Pension Plan (the Plan) administered by the Government of Canada. The Corporation's contributions to the Plan are expressed as a percentage of employees' contributions. The percentage may fluctuate from year to year depending on the experience of the Plan. The Corporation's contributions are charged to operations on a current basis and represent the total pension obligations. The Corporation is not required to make contributions with respect to actuarial deficiencies of the Plan.

Employee future benefits
Under the terms and conditions of employment, employees may earn non-pension benefits for resignation, retirement and ultimate removal costs based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The cost of these non-pension benefits has been determined based on management's best estimates and accrued as a liability as employees render service.

Measurement uncertainty
To prepare these financial statements in accordance with Canadian generally accepted accounting principles, management has made a number of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Significant estimates include amortization, employee future benefits, regulatory assets and liabilities and asset retirement obligations.

New accounting recommendations
In January 2005 the CICA issued a number of new Handbook Sections including Section 3855 "Financial Instruments – Recognition and Measurement", Section 1530 "Comprehensive Income" and Section 3251 "Equity". Section 3855 "Financial Instruments – Recognition and Measurement" provides standards on the recognition and measurement of financial assets, liabilities and non-financial derivatives. Section 1530 "Comprehensive Income" establishes standards on the reporting and display of changes in equity from transactions and other events and circumstances from non-owner sources (comprehensive income). Section 3251 "Equity" established standards for the presentation of equity and changes in the reporting period. All of these Sections are effective for fiscal years beginning on or after October 1, 2006. The Corporation is currently evaluating these Sections and their implications in a regulated environment.

In May 2005 the CICA issued Accounting Guideline 19 "Disclosures by Entities Subject to Rate Regulation". The purpose of this guideline is to ensure that financial statement users are better informed about the existence, nature and effects of all forms of rate regulation. This Guideline is effective for fiscal years ending on or after December 31, 2005. The Corporation has implemented some of the disclosures defined in this Guideline in Note 11 of the 2005 financial statements and plans to have full disclosure of rate regulated operations as defined by Guideline 19 in its 2006 financial statements.

3. Change in accounting policy

Reserve for future removal and site restoration
As a consequence of the implementation of asset retirement obligations, the CICA Handbook removed the requirement to record a provision for Future Removal and Site Restoration. However, this liability is provided for by PUB direction as an integral part of the amortization expense which the Corporation continues to collect from customers. Therefore the balance in this account has been retroactively reclassified and included as a regulatory liability.

4. Division – capital adjustment and correction of error

All corporate operations within the Nunavut Territory were taken over by the Nunavut Power Corporation (NPC) on April 1, 2001. The allocation of the Corporation's assets, liabilities and shareholder's equity between its Nunavut operations to NPC and its Northwest Territories operations to the Corporation was governed by two agreements, a due diligence process and approval by the Corporation, Government of the Northwest Territories (GNWT), NPC and the Government of Nunavut (GN). Certain allocations in the division process were disputed and taken to arbitration as set out in the agreement.

In September 2004 the disputed allocations were settled, and the amount owing to the Corporation was calculated at $5,111. At this time the receivable from NPC was $5,733. The remaining balance of $622 was accounted for as follows:

a) Capital adjustment
$285 of the $622 was the final settlement on the allocation of assets, liabilities and shareholders' equity between the Corporation and NPC. The $285 has been accounted for in the same manner as was done for the original allocation, as a capital adjustment reducing retained earnings.

b) Correction of error
The remaining balance of $337 is a correction of an error in 2002 in calculating interest due from NPC to the Corporation. The financial statements of prior periods have been restated to account for this error, reducing retained earnings from $32,755 to $32,418 and the receivable from NPC from $5,646 to $5,309.

5. Other revenues

	2005	2004
GNWT funding of pension expenses (Note 15)	$ 618	$ 931
User fees	340	406
Connection fees	318	207
Contract work	194	174
Miscellaneous	177	547
Heat	51	71
	$ 1,698	$ 2,336

6. Contract work

The Corporation had an agreement with the NPC, to provide engineering services. This agreement was cancelled in November 2004. The Corporation provides contract services to NPC on an individual project basis. The revenues and expenses to provide contract services are outside of the normal operations of the Corporation and therefore are reflected separately on the income statement. The Corporation's gross revenues from the contract were $335 (2004 - $720) and the associated expenses were $291 (2004 - $587) for net earnings of $44 (2004 - $133). There were no assets or liabilities in the Corporation held solely for the purpose of this contract.

7. Interest expense

	2005	2004
Interest on long-term debt	$ 12,133	$ 11,935
Short-term financing costs	328	292
Sinking fund income	(1,460)	(1,425)
Capitalized allowance for funds used during construction	(1,155)	(1,206)
	$ 9,846	$ 9,596

8. Dividend

Pursuant to the *Northwest Territories Power Corporation Act*, the GNWT directed the Corporation to declare a dividend of $3,300 (2004 - $3,500).

9. Property, plant and equipment

	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Electric power plants	$169,448	$ (44,636)	$ 124,812	$ 109,135
Transmission and distribution systems	63,268	(11,590)	51,678	51,831
Electric power plants under capital lease	26,342	(3,162)	23,180	23,559
Warehouse, equipment, motor vehicles and general facilities	22,950	(8,141)	14,809	13,708
Other utility assets	4,056	(779)	3,277	3,174
Other	8,069	(3,907)	4,162	897
	294,133	(72,215)	221,918	202,304
Construction work in progress	4,808	-	4,808	16,767
	$298,941	(72,215)	226,726	$ 219,071

Engineering and other direct overhead expenses capitalized during the year amounted to $1,177 (2004 - $1,083).

10. Sinking fund investments

Sinking fund investments are held by the Trustee for the redemption of long-term debt. As the sinking funds exist to fund the payout of long-term debt, sinking fund income is treated as a reduction of finance charges and is reflected in interest expense.

Cash and short-term investments include cash and fixed income investments with a term to maturity not exceeding one year. All fixed income securities are investment grade credit. The Corporation's sinking fund policy limits investments in equities to 30% of the total sinking fund market value. Equities are in two funds and are well diversified by sector, issuer, region and liquidity.

The sinking fund agreements require the Corporation to make annual installments to retire debt at maturity. The installments calculated for the next five years are disclosed in Note 12. Fair value information for sinking funds is included in Note 19. The Corporation realized a return of 5.52% (2004 – 6.52%) on the $28,850 (2004 - $24,082) book value of the sinking funds.

	2005		2004	
	Carrying Value	**Weighted average effective rate of return (1)**	**Carrying Value**	**Weighted average effective rate of return (1)**
Fixed Income Securities				
Federal Government guaranteed	$ 9,953	4.74%	$ 6,524	3.80%
Corporate Bonds	6,414	5.27%	6,388	3.80%
Cash and short-term investments	3,770	2.56%	966	2.60%
Municipal Government guaranteed	2,639	5.64%	2,638	4.90%
Provincial Government guaranteed	672	5.29%	582	4.50%
Equities				
Canadian	5 402		4,838	
US	-		1,411	
International	-		735	
	$ 28,850		$ 24,082	

(1) – Rate calculated on market yield for cash and fixed income securities.

11. Regulatory assets and liabilities

Regulatory assets and liabilities arise as a result of the rate making process. The Corporation has recorded the following regulatory assets and liabilities in order to match revenues with expenses (see Note 2):

Regulatory Assets

	March 31 2005	2005 Costs Deferred and Interest Charged to the Fund	2005 Amortization of Fund Balance	2005 Rate Refunds (Collections)	March 31 2004
L-199 transmission line costs	$ 4,534	$ 162	$ -	$ -	$ 4,372
Rate Stabilization Funds	3,078	3,782	-	(155)	(549)
Snare Cascades Deferral Account	1,774	-	-	(720)	2,494
Reserve for Injuries and Damages	1,612	1,084	(485)	-	1,013
Regulated Employee Future Benefits	1,354	285	-	-	1,069
Financing Costs	1,180	-	(43)	-	1,223
Regulatory Costs	944	16	(228)	-	1,156
Normalized Overhaul Costs	226	2,267	(1,573)	-	(468)
Other regulated assets	1,177	782	(346)	-	741
	$ 15,879	$ 8,378	$ (2,675)	$ (875)	$ 11,051

The rate stabilization funds are comprised of fuel $3,367 (2004 - $1,138) and water $(289) (2004 - $(1,688)). During the 2005 year fuel stabilization fund rate riders of $155 (2004 – Nil) were charged to customers. These amounts were recorded as revenues and fuel expenses. Subsequent to March 31, 2005, the PUB approved four additional fuel stabilization fund rate riders. The five fuel stabilization fund riders are expected to collect $3,767 in 2005/06.

Regulatory Liabilities

	March 31 2005	2005 Amortization of Fund Balance	2005 Contributions or (Costs)	March 31 2004
Reserve for Future Removal and Site Restoration	$ 37,154	$ 1,461	$ (1,422)	$ 37,115
Deferred revenues	3,713	(369)	416	3,666
	$ 40,867	$ 1,092	$ (1,006)	$ 40,781

12. Long-term debt

		2005		2004
5.995% redeemable debenture due December 15, 2034	$	25,000	$	-
11% sinking fund debentures, due March 9, 2009		20,000		20,000
10¾% sinking fund debentures, due May 28, 2012		20,000		20,000
6.63% amortizing debenture, due December 18, 2032		18,666		19,333
11⅛% sinking fund debentures, due June 6, 2011		15,000		15,000
6.33% redeemable sinking fund debentures, due October 27, 2018		10,000		10,000
8.41% redeemable sinking fund debentures, due February 27, 2026		8,700		8,700
9.11% debenture series 3, due September 1, 2026, repayable in equal monthly payments of $73.		8,250		8,370
9¾% debenture series 2, due October 1, 2025, repayable in equal monthly payments of $69		7,294		7,400
10% debenture series 1, due May 1, 2025, repayable in equal monthly payments of $70		7,271		7,379
Other		5		5
		140,186		116,187
Less: Current portion		1,032		999
		139,154		115,188
Less: Sinking fund investments		28,850		24,082
	$	110,304	$	91,106

All long-term debt is guaranteed by the GNWT.

Principal repayments and estimated sinking fund investment contributions for the next five years:

	2006	2007	2008	2009	2010
Principal Repayments	1,032	1,068	1,105	21,153	1,202
Sinking Fund Investment Contributions	3,043	3,043	3,043	1,983	1,983

13. Net lease obligation

The NWT Energy Corporation Ltd. loaned funds to the Dogrib Power Corporation to finance the construction of a hydroelectric generating plant on the Snare River in the Northwest Territories from 1994 to 1996. The balance of the loan receivable is $21,213 (2004 - $21,505). The loan bears interest at an annual rate of 9.6%, which is the average rate of interest on NWT Energy Corporation Ltd.'s long-term debt issued to finance the loan. It is due July 2026 and is repayable, in equal monthly payments of $195. The loan is secured by a charge against the plant and the lease agreement.

The Corporation has an initial 65-year lease for the plant at an imputed interest rate of 9.6% from the Dogrib Power Corporation until 2061. The value of the capital lease obligation is $22,839 (2004 - $23,245).

To reflect the effective acquisition and financing nature of the lease, the plant is included in electric power plants in property, plant and equipment at an original cost of $26,342.

Upon consolidation, the loan receivable held by NWT Energy Corporation Ltd. is offset with the capital lease obligation of the Corporation resulting in a net lease obligation of $1,626 (2004 - $1,740). As a result, upon consolidation, in the early years there will be a net payment and in later years there will be a net receipt until such time as the loan receivable is fully repaid in 2026 when only the capital lease obligation payments continue until 2061. The net lease obligation payments / (receipts) over the next five years are:

2006	2007	2008	2009	2010
$ 87	$ 55	$ 20	$ (19)	$ (61)

The current portion of the net lease obligation is $87 (2004 - $118) and is recorded in accounts payable.

14. Short–term debt and bank indebtedness

	2005	2004
Bankers' acceptance and shareholder's advance	$ 10,000	$ 11,000
Bank overdraft	-	1,772
	$ 10,000	$ 12,772

The interest rate charged on bank overdrafts is prime. The short-term debt outstanding at year-end had a weighted average 90 day term (2004 – 74 day term) and a 2.55% (2004 – 2.38%) weighted average annual interest rate. The Corporation has a $15,000 unsecured line of credit with its bank and also has access on occasion to short term funds from its shareholder.

15. Employee future benefits

The Corporation and all eligible employees contribute to the Public Service Pension Plan (PSPP). This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index. The Corporation received funding, recorded as other revenues, from the GNWT of $618 (2004 - $931) to cover part of these pension expenses. As of April 1, 2005 the GNWT ceased its funding of the PSPP. The PUB approved a rate rider to collect $745 for fiscal year 2005/06 to offset funding previously received from the GNWT.

a) Contributions to the Public Service Pension Plan were as follows:

	2005	2004
Employer's contributions	$ 1,359	$ 1,972
Employees' contributions	683	628
Funding received from the GNWT	(618)	(931)
	$ 1,424	$ 1,669

The Corporation provides severance benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has not assets, resulting in a plan deficit equal to the accrued benefit obligation.

b) Liability for severance and ultimate removal benefits is as follows:

	2005	2004
Accrued benefit obligation, beginning of the year	$ 2,022	$ 1,435
Costs for the year	511	693
Benefits paid during the year	(44)	(106)
Accrued benefit obligation, end of the year	$ 2,489	$ 2,022

16. Shareholder's equity

	2005	2004 (restated Note 4b)
Capital Stock		
Authorized: unlimited number of voting common shares without par value		
Issued: 431,288 common shares	$ 43,129	$ 43,129
Retained earnings at beginning of year	36,097	32,755
Correction of error – Division (Note 4b)	-	(337)
Restated retained earnings at beginning of year	36,097	32,418
Capital adjustment – Division (Note 4a)	(285)	-
Net earnings less dividends declared	3,129	3,679
Retained earnings at end of year	38,941	36,097
	$ 82,070	$ 79,226

17. Commitments and contingencies

Capital projects

The estimated cost to complete capital projects in progress, as at March 31, 2005, was $12,701 (2004 - $14,029).

Supply contracts

The Corporation has a contract to purchase refined oil products based on market prices at time of delivery. This contract ends in 2005 and has a minimum quantity purchase commitments totalling 4.9 million litres in this one year period, consistent with the Corporation's operational requirements.

Natural gas purchase commitment

The Corporation has an agreement to purchase natural gas to produce electricity in Inuvik. The minimum obligation is to purchase 5,622,900m^3 of natural gas per annum until July 2014, consistent with the Corporation's operational requirements. The price is calculated annually on August 1 and will depend on the Edmonton Average Unbranded High Sulphur Diesel Price as posted in the Bloomberg Oil Buyers Guide on that date.

Litigation

The Corporation has been named as a defendant in four lawsuits. Two actions relate to wrongful dismissal cases. The third action names the Corporation as a co-defendant in a lawsuit involving allegations of negligence and breaches of duty arising out of a snowmobile accident. The total liquidated amount of these claims ranges from $60 to $465, exclusive of costs and interest. The fourth action names the Corporation as a co-defendant with the GNWT and the Federal Government in a claim for $45,000 related to the construction of the hydro system on the Taltson River in 1965. It is management's estimate that no significant loss to the Corporation will result from any of these four claims. In the event that any of these claims are not settled in favour of the Corporation, the Corporation has insurance which may cover all or a portion of the settlement cost.

18. Related party transactions

The Corporation is a territorial Crown corporation and consequently is related to the GNWT and its agencies and corporations.

The Corporation provides utility services to, and purchases fuel and other services from, these related parties. These transactions are at the same rates and terms as those with similar unrelated customers. Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are as follows:

	2005	2004
Sale of power and other	$ 18,589	$ 20,138
Purchase of fuel from government	1,658	1,469
Fuel tax paid to government	767	776
Other purchases and payments	470	510
Balances at year end:		
Accounts receivable	1,728	2,226
Accounts payable	419	1,071
Promissory note (included in short-term debt)	10,000	8,000
Dividend payable	3,300	3,500

19. Financial instruments

	2005		2004	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 140,184	$ 161,145	$ 116,186	$ 148,107
Net lease obligation	1,626	3,725	1,740	4,041
Sinking fund investments	28,850	29,636	24,082	24,625

The fair values of cash, other current accounts receivable and payable and short-term debt approximate the carrying amounts of these instruments due to the short period to maturity.

The fair values for the long-term debt and net lease obligation are determined using market prices for similar instruments.

The fair value of the sinking fund investments is determined using market prices.

20. Comparative figures

Certain of the 2004 figures have been reclassified to conform to the financial statement presentation adopted for 2005.

GOVERNMENT OF THE NORTHWEST TERRITORIES

PETROLEUM PRODUCTS REVOLVING FUND

FINANCIAL STATEMENTS

for the year ended March 31, 2005

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CHARTERED
ACCOUNTANTS
MacKay LLP

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Yellowknife, NT X1A 2N5
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Auditors' Report

To the Minister of
Public Works and Services

We have audited the balance sheet of the Revolving Fund of the Government of the Northwest Territories – Public Works and Services Petroleum Products as at March 31, 2005, the statement of operations and surplus, and statement of amount due to the Government of the Northwest Territories for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2005, and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, we report that in our opinion their principles have been applied on a basis consistent with that of the preceding year.

Mackay LLP
Chartered Accountants

Yellowknife, Northwest Territories
May 13, 2005

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GOVERNMENT OF THE NORTHWEST TERRITORIES
PUBLIC WORKS AND SERVICES
PETROLEUM PRODUCTS REVOLVING FUND

Balance Sheet (thousands of dollars)		March 31 2005		March 31 2004
Assets:				
Current				
Accounts receivable (Note 3)	$	3,349	$	3,769
Inventories (Note 4)		5,048		3,863
	$	8,397	$	7,632
Liabilities:				
Current				
Due to the Government of the Northwest Territories	$	5,984	$	5,747
Accounts payable and accrued liabilities		2,302		1,772
Employee leave and termination benefits		62		64
		8,348		7,583
Long-Term				
Employee termination benefits		49		49
	$	8,397	$	7,632

Commitments and contingencies (Note 10).

The accompanying notes are an integral part of the financial statements.

Approved by management:

Mike Aumond
Director

Shirley Kwong
Comptroller

GOVERNMENT OF THE NORTHWEST TERRITORIES
PUBLIC WORKS AND SERVICES
PETROLEUM PRODUCTS REVOLVING FUND

Statement of Operations

For the Year Ended March 31 (thousands of dollars)	2005	2004
Revenue		
Sale of petroleum products (Note 5)	$ 12,014	$ 13,807
Cost of goods sold	8,336	9,997
Gross profit	3,678	3,810
Other revenue	80	50
	3,758	3,860
Expenses		
Commissions	1,596	1,488
Salaries, wages and employee benefits	1,042	1,212
Contracts and Purchased services	547	547
Material, supplies and utilities	266	237
Travel	137	204
Insurance	23	36
Miscellaneous	131	134
	3,742	3,858
Net Profit from operations before the following	16	2
Financial Charges (Note 6)	$ (187)	$ (231)
Tangible capital assets - Rent expenses (Note 6)	(789)	(729)
Grant-in-kind - Government assets provided at no cost	976	960
Net Profit	$ **16**	$ **2**

The accompanying notes are an integral part of the financial statements.

GOVERNMENT OF THE NORTHWEST TERRITORIES
PUBLIC WORKS AND SERVICES
PETROLEUM PRODUCTS REVOLVING FUND

Statement of Amount Due to the Government of the Northwest Territories

For the Year Ended March 31 (thousands of dollars)		2005		2004
Balance, beginning of year	$	5,747	$	6,073
Plus:				
Payments Made by the Government				
Purchases of petroleum products		9,003		9,291
Other cash disbursement		3,732		3,895
Income from operations		16		2
Less:				
Transfers to the Government				
Cash receipts		12,514		13,514
Balance, end of the year	$	5,984	$	5,747

The accompanying notes are an integral part of the financial statements.

Petroleum Products Revolving Fund

Notes to the Financial Statements

as at March 31, 2005

1. Authority and Operations

The Petroleum Products Revolving Fund (the "Fund") was established in 1973 for the distribution of petroleum products in the Northwest Territories. The Fund operates under the authority of the Revolving Funds Act (the "Act") and the Northwest Territories Financial Administration Act. The Petroleum Products Division of the Department of Public Works and Services of the Government of the Northwest Territories (the "Government") is responsible for the administration of the Fund.

Under the Act, the Fund receives working capital advances from the Consolidated Revenue Fund (the "CRF") to finance inventory, accounts receivable and operating expenses. The Fund's purchases of petroleum products and operating expenses are paid from the CRF and funds received by the Fund are deposited in the CRF. The authorized limit of the Fund, being the maximum amount by which the assets may exceed the liabilities is $55 million.

The prices for the Fund's petroleum products are approved by the Government. It is the expectation of the Government that the Fund's cost of goods sold and operating expenses will be recovered through the price structure to achieve a break-even operation. Under the Act, there is a special account in the CRF called the Petroleum Products Stabilization Fund to which profits of the Fund shall be credited and losses shall be charged. The debit or credit amount in the Stabilization Fund shall not exceed $5,000,000 at the end of any fiscal year. The balance in the stabilization Fund at March 31, 2005 is a surplus of $471,690.

	2005	2004
Surplus at beginning of year	456	454
Net Profit	16	2
Surplus at ending of year	472	456

2. Significant Accounting Policies

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses during the year. Actual results could differ from those estimates. A summary of significant accounting policies of the Fund are as follows:

a. Revenue Recognition

Revenue is recognized when fuel is dispensed or delivered to customers.

b. Inventories

Inventories are valued at the lower of weighted average cost and net realizable value.

c. Services Provided Without Charge

Environmental Restoration Costs

The Fund does not record any future environmental restoration costs, as they are the responsibility of the Government.

Other Services Provided Without Charge

Other than an annual administration fee of $60,000 charged by Public Works and Services and service charges of $32,000 charged by Technology Service Centre, following existing practice, the Fund does not record the following services provided without charge by the Government: the procurement of goods and services, the processing of payroll, legal counsel and internal audit services, as it is difficult to estimate them.

d. Pensions

The Fund and its employees, who are deemed to be employees of the Government, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Fund and the employees contribute to the cost of the plan. The Fund contributes at rate of 2.14 times that of the employees. During the year the Fund contributed $199,632 to the plan while employees contributed $33,957. These contributions represent the total pension obligation of the Fund and are expensed on a current year basis. The Fund is not required under present legislation to make contributions with respect to actuarial deficencies to the Public Service Superannuation Account.

e. **Employee Leave and Termination Benefits**

Under the terms and conditions of employment, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs. The estimated liability for these benefits is recorded as the benefits are earned by the employees.

f. **Use of Estimates**

The preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amount of revenue and expenses during the period. Actual results could differ from these estimates.

3. **Accounts Receivable**

(thousands of dollars)	Mar-31 2005	Mar-31 2004
Commercial/Private	$ 1,236	$ 1,484
Territorial Municipalities & Housing Associations	1,090	1,075
Government of the Northwest Territories:		
Departments and Agencies	508	599
Northwest Territories Power Corporation	558	670
	1,066	1,269
Government of Canada	61	51
	3,453	3,879
Less: Allowance for Doubtful Accounts	(104)	(110)
	$ 3,349	$ 3,769

4. **Inventories**

(thousands of dollars)	Mar-31 2005	Mar-31 2004
Heating fuel	$ 3,472	$ 2,589
Gasoline	1,413	1,125
Other fuel	163	149
	$ 5,048	$ 3,863

5. **Sale of Petroleum Products**

(thousands of dollars)	2005	2004
Commercial/Private	$ 5,219	$ 5,516
Territorial Municipalities & Housing Associations	3,127	2,910
Government of the Northwest Territories:		
Northwest Territories Power Corporation	1,641	1,474
Departments and Agencies	1,806	1,644
Wholesale Revenue	0	2,062
Government of Canada	221	201
	$ 12,014	$ 13,807

6. Expenses off-set with Grant-in-Kind

a. Capital Assets - Rent Expeses

Tangible Capital Assets (TCA), i.e. tank farms and fuel delivery vehicles, are owned by the Government. TCA are amortized over the estimated useful life of the assets at the following rates.

Fuel Storage Facilities	30 years straight line, no salvage
Fuel Delivery Vehicles	10 years straight line, no salvage

(thousands of dollars)	Cost	Accumulated Amortization	Mar-31 2005 Net Book Value	Mar-31 2004 Net Book Value
Fuel Storage Facilities	$ 19,800	$ 10,161	$ 9,639	$ 9,904
Fuel Delivery Vehicles	2,686	1,763	923	967
Construction in progress	2,540		2,540	1,370
	$ 25,026	$ 11,924	$ 13,102	$ 12,241

Amortization expense for 2004-05 is $788,691 ($729,000 in 2003-04)

b. Financing Charges

Management estimated that the Fund required up to $9 million in working capital with an estimated financing cost of $187,101 for the year. (For 2003/2004 they were $11 million and $231,352 respectively.) The financing cost is based upon the average monthly balance due to the Government at an average interest rate for the Government of 2.71% p.a.

7. Fair Value of Financial Instruments

The carrying values of accounts receivable, accounts payable and accrued liabilities are reasonable estimates of the fair value due to the relatively short period to maturity of the financial instruments. The fair value of the amount due to the Government cannot be readily determined.

8. Related Party Transactions

In addition to those transactions with related parties disclosed elsewhere in the financial statements, the Fund is related in terms of common ownership to all Government departments, agencies and Crown Corporations. The Fund enters into transactions with these entities in the normal course of business, with the exception of the Northwest Territories Power Corporation (NTPC). In accordance with an agreement with the Government, NTPC is charged the landed cost to purchase and deliver petroleum products to its facilities in the communities, such as Lutsel Ke, Wha Ti, Tulita, Paulatuk and Holman, in the Northwest Territories.

9. Due to the Government of the Northwest Territories

The amount due is unsecured and without repayment terms.

10. Commitments and Contingencies

a. Fuel Resupply Contracts

The Government is finalizing negotiations for a contract for the supply and delivery of bulk petroleum products, by barge, with the Northern Transportation Company Limited. It is expected this new contract will expire at the termination of the 2010 summer resupply. The Government also entered into a two-year contract for the supply and delivery of bulk petroleum products, by tanker truck, for furtherance to the communities serviced by winter/ice roads with Bassett Petroleum Distributors Ltd. This contract is scheduled to terminate in April 2006.

b. Community Fuel Delivery Contracts

The Government provides local fuel delivery services in 15 communities across the Northwest Territories. The contracts for sales, dispensing and delivery services are awarded based on a competitive request for proposal (RFP) process. Contracts are awarded to local residents or businesses. Six contracts will expire in the fiscal year ending 2006, four in 2009 and five in 2010. Under these contracts, fixed commission rates are paid. The value of this commitment is estimated at $4,337,000 as per the detailed listing below.

Commitment					
2006	2007	2008	2009	2010	Total
$1,445,000	$994,000	$994,000	$668,000	$236,000	$4,337,000

Historically the government pays $1.6 million in commissions to local contractors in the 15 communities that the government serves.

c. Environmental Site Assessment

The government has completed comprehensive environmental site assessments at each of its bulk fuel storage pipeline distribution systems. Each facility was the subject of code compliance audit, soil and groundwater testing, delineation of known areas of contamination and the preparation of recommendations for remedial action on a site by site basis. The assessments confirm that hydrocarbon contamination is present at all sites. The level of contamination however differs for each site.

There have been eleven Phase III Assessments and one Risk Assessment completed to date. The estimate cost to remediate all contaminated sites is estimated to be in the range between $5,222,000 and $8,001,500. This value is based upon the most recent experience of the Fund and others who have undertaken similar environmental remediation projects. While the Fund expects remediation costs to come within the estimated range, cost certainty cannot be obtained until remediation has commenced and the scope of work or the level of contamination has been confirmed. The value of said liabilities can also change with the identication of new areas of contamination and the completion of site remediation.

In 2004/05 the Fund expended the following on Environmental Site Remediation:

Sachs Harbour	Beach Area - Part 2	$	12,000
Sachs Harbour	Phase III ESA for 2003 pipeline spill		22,500
Paulatuk	Airport Site Phase III ESA		31,500
Trout Lake	Spill in front of dispenser		2,500
Wrigley	Pre 1995 Site		500
Total		$	69,000

NORTHWEST TERRITORIES LIQUOR COMMISSION

FINANCIAL STATEMENTS

for the year ended March 31, 2005

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NORTHWEST TERRITORIES LIQUOR COMMISSION

Financial Statements

Year ended March 31, 2005

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Northwest
Territories Liquor Commission

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Northwest Territories Liquor Commission ("the Commission") maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Commission acts in accordance with the laws of the Northwest Territories and Canada. The Commission's management recognizes its responsibility for conducting the Commission's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial agency.

The accompanying financial statements were prepared by management in conformity with Canadian generally accepted accounting principles appropriate in the circumstances.

To discharge the responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Auditor General of Canada annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. She also considers whether the transactions which come to her notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

R.J. Courtoreille
General Manager

Ruth Boden
Manager, Finance & Administration

May 18, 2005

Suite 201, 31 Capital Drive, Hay River, NT Canada X0E 1G2 Telephone 867-874-2100 Fax 867-874-2180

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Northwest Territories Liquor Commission as at March 31, 2005 and the statements of income, amount due to the Government of the Northwest Territories and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Commission and the financial statements are in agreement therewith and the transactions of the Commission that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, and the *Liquor Act* and regulations.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
May 18, 2005

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NORTHWEST TERRITORIES LIQUOR COMMISSION

Balance Sheet
(In thousands)

March 31, 2005, with comparative figures for 2004

	2005	2004
Assets		
Current assets:		
Cash	$ 3,387	$ 4,639
Accounts receivable	2	-
Inventories (note 3)	2,657	2,848
Prepaid expenses	10	20
Due from Nunavut Liquor Commission	-	23
	6,056	7,530
Capital assets (note 4)	69	43
	$ 6,125	$ 7,573
Liabilities		
Current liabilities:		
Accounts payable	$ 2,373	$ 2,071
Due to the Government of the Northwest Territories (note 7)	3,646	5,434
	6,019	7,505
Employee future benefits (note 5)	106	68
Commitments (note 9)		
	$ 6,125	$ 7,573

See accompanying notes to financial statements.

Approved by Management:

RCourtoreille R.J. Courtoreille, General Manager

RBoden Ruth Boden, Manager, Finance & Administration

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Income
(In thousands)

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Sales:		
Beer	$ 17,046	$ 17,153
Spirits	15,089	14,317
Wine	4,156	3,879
Coolers and ciders	1,382	1,328
	37,673	36,677
Cost of goods sold:		
Beer	7,414	7,406
Spirits	4,331	4,114
Wine	1,847	1,656
Coolers and ciders	624	584
	14,216	13,760
Gross profit on sales	23,457	22,917
Other income:		
License fees and permits	465	535
Import fees and other income	247	291
	712	826
	24,169	23,743
Expenses:		
Commissions to agents	2,489	2,302
Salaries, wages and employee benefits	1,043	950
Administration	364	328
Travel	118	153
Board member honoraria	88	72
Inspectors' fees	66	45
Rent	60	59
Amortization on capital assets	21	18
	4,249	3,927
Net income	$ 19,920	$ 19,816

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Amount Due to the Government of the Northwest Territories
(In thousands)

Year ended March 31, 2005, with comparative figures for 2004

		2005		2004
Balance, beginning of year	$	5,434	$	4,667
Net income		19,920		19,816
Salaries, wages and benefits incurred by the Government		1,071		958
		26,425		25,441
Net transfer of funds to the Government		22,779		20,007
Balance, end of year	$	3,646	$	5,434

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Cash Flows
(In thousands)

Year ended March 31, 2005, with comparative figures for 2004

	2005	2004
Cash flows from operating activities:		
Cash received from customers	$ 38,406	$ 37,581
Cash paid to suppliers	(16,832)	(16,864)
Net cash provided by operating activities	21,574	20,717
Cash flows from investing activities:		
Purchase of capital assets	(47)	(9)
Cash flows from financing activities:		
Cash transferred to the Government of the Northwest Territories	(22,779)	(20,007)
Increase (decrease) in cash position	(1,252)	701
Cash position, beginning of year	4,639	3,938
Cash position, end of year	$ 3,387	$ 4,639

See accompanying notes to financial statements.

1. **Authority and operations:**

Northwest Territories Liquor Commission (the "Commission") is established under Part II of the Liquor Act (the "*Liquor Act*"). It is responsible for the operation of liquor sales and the purchase and distribution of liquor in the Northwest Territories through the Liquor Revolving Fund. The Department of Finance is responsible for the administration of the Fund through the Consolidated Revenue Fund. The Commission is authorized by the Legislative Assembly to receive interest-free working capital advances from time to time not exceeding $6,500 to finance its operations.

Net income for the year is to be transferred to the Government of the Northwest Territories in accordance with the *Liquor Act*.

These financial statements include the operations of the Liquor Licensing Board of the Northwest Territories (note 6).

The Commission is non-taxable under the *Income Tax Act*, Canada.

2. **Significant accounting policies:**

(a) Revenue recognition:

The Commission recognizes revenue when goods are shipped or services are provided and the customer takes ownership and assumes risk of loss, collection of any relevant accounts receivable is probable, persuasive evidence of an arrangement exists and the sale price is fixed or determinable.

(b) Inventories:

Inventories are valued at replacement cost which is not materially different than cost. Cost includes invoiced cost, freight, duties and taxes.

2. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are stated at amortized cost. Amortization is provided on cost less estimated salvage value using the straight-line basis, at the following annual rates:

Asset	Rate
Furniture and fixtures	20%
Computer equipment	33%
Recycling equipment	10%

Computer equipment includes hardware and software.

(d) Pension benefits:

Employees participate in the Public Service Pension Plan administered by the Government of Canada. The Commission's contribution to the plan reflects the full cost of the employer contributions. This amount is currently based on a multiple of the employee's required contributions, and may change from time to time depending on the experience of the Plan. These contributions represent the total pension obligations of the Commission and are charged to operations on a current basis. The Commission is not currently required to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

(e) Employee severance benefits:

Employees are entitled to severance benefits, as provided for under labour contracts and conditions of employment. The cost of these benefits is accrued as the employees render the services necessary to earn them. Management determined the accrued benefit obligation using a method based upon assumptions and its best estimates of the accrued obligations at year-end. These benefits represent the only obligation of the Commission that entails settlement by future payment.

2. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. The most significant items where estimates are used are employee severance liabilities, bottle returns and amortization of capital assets.

3. Inventories:

	2005	2004
Spirits	$ 1,116	$ 1,237
Wine	450	496
Beer	940	954
Coolers and ciders	151	161
	$ 2,657	$ 2,848

4. Capital assets:

			2005	2004
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	$ 57	$ 33	$ 24	$ 10
Computer equipment	539	494	45	18
Recycling equipment	150	150	-	15
	$ 746	$ 677	$ 69	$ 43

5. Employee future benefits:

Pension benefits:

The Commission and all eligible employees contribute to the Public Service Pension Plan. This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the consumer Price Index. The commission's and employees' contributions in the Public Service Pension Plan for the year were as follows:

		2005		2004
Commission's contributions	$	99	$	80
Employees' contributions		46		37

Employee severance benefits:

The Commission provides severance benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation. Information about the plan, measured as at the balance sheet date, is as follows:

		2005		2004
Accrued benefit obligation, beginning of year	$	68	$	50
Cost for the year		38		18
Benefits paid during the year		-		-
Accrued benefit obligation, end of year	$	106	$	68
Short-term portion	$	-	$	-
Long-term portion		106		68
Total accrued benefit obligation	$	106	$	68

6. Liquor Licensing Board of the Northwest Territories:

The activities of the Liquor Licensing Board of the Northwest Territories (the "LLB") are as follows:

	2005	2004
Revenues:		
Licensee fees	$ 387	$ 450
Special occasion licenses	43	48
Annual license fees	35	36
Other	4	15
	469	549
Expenses:		
Salaries, wages and benefits	300	283
Honoraria	88	72
Other	264	249
	652	604
Net loss	$ (183)	$ (55)

The activities of the LLB are administered by the Commission as agent for the LLB. The net income (loss) generated in the year represents amounts due to (from) the Government of the Northwest Territories. The LLB does not have separate banking facilities apart from the Commission.

7. Related party transactions:

The Commission is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and corporations. The Commission enters into transactions with these entities in the normal course of business. At year-end, no material accounts receivable and accounts payable balances remained relating to these transactions.

The Government of the Northwest Territories provides the Commission with various administrative services, the value of which is not reflected in these financial statements. The cost of these services has been estimated to be $22 (2004 - $29) for legal services provided by the Department of Justice, and $10 (2004 - $10) for payroll services provided by the Financial Management Board Secretariat.

8. Service agreement:

The Commission provided various corporate and program delivery services to the Nunavut Liquor Commission and Nunavut Liquor Licensing Board until November, 2004. It received $31 (2004 - $131) in fees for the services rendered. This amount is included in import fees and other income on the statement of income.

9. Commitments:

The Commission has a five year lease agreement ending August 31, 2005 for its office premises and has office equipment under operating leases through to 2007. The minimum annual lease payments are:

Year ending March 31:		
2006	$	27
2007		5
	$	32

Annual lease payments for the office premises include operating costs which are subject to annual increases based on the consumer price index and adjustments for property tax assessments.

10. Fair value of financial assets and financial liabilities:

The fair values of the Commission's cash, accounts receivable, due from Nunavut Liquor Commission, accounts payable and amount due to the Government of the Northwest Territories approximate their carrying amounts due to the relatively short periods to maturity of these items.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

FINANCIAL STATEMENTS

for the year ended March 31, 2005

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AUDITORS' REPORT

To the Board of Management
Legislative Assembly Retiring Allowance Fund

We have audited the Statement of Net Assets Available for Benefits of the Legislative Assembly Retiring Allowance Fund as at March 31, 2005, the Statement of Changes in Net Assets Available for Benefits for the year then ended and the Statement of Obligations for Pension Benefits as at March 31, 2005. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly in all material respects the Net Assets Available for Benefits as at March 31, 2005 and the changes in its Net Assets Available for Benefits for the year then ended in accordance with the basis of accounting as disclosed in Note 2 to the financial statements.

AVERY, COOPER & CO.
Certified General Accountants
Yellowknife, NT

April 18, 2005

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LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

NET ASSETS AVAILABLE FOR BENEFITS

March 31, 2005

	2005	2004
ASSETS		
CURRENT		
Accounts Receivable	$ 14,558	$ 14,200
Accrued Investment Income	34,736	31,460
Prepaid Expense (Note 5)	22,500	-
	71,794	45,660
INVESTMENTS		
Retiring Allowance Fund (Notes 2 and 3)	17,917,245	17,181,028
	$ 17,989,039	$ 17,226,688
LIABILITIES		
CURRENT		
Accounts Payable	$ 31,589	$ 24,196
FUND BALANCE		
RETIRING ALLOWANCE FUND BALANCE		
Net Assets Available for Benefits per page 2	17,957,450	17,202,492
	$ 17,989,039	$ 17,226,688

APPROVED:

______________________________ Speaker

______________________________ Clerk

See the accompanying notes.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the Year Ended March 31, 2005

	2005	2004
INCREASE (DECREASE) IN ASSETS		
Contributions	$ 144,922	$ 172,483
Interest and Dividends	931,346	588,464
	1,076,268	760,947
Current Period Change in Fair Market Value of Investments	477,303	2,689,165
Total Increase (Decrease) in Assets	1,553,571	3,450,112
DECREASE IN ASSETS		
Benefits		
Pension Payments	527,430	464,474
Termination Payments	160,994	394,168
Administrative		
Actuary Fees	110,189	98,497
Total Decrease in Assets	798,613	957,139
INCREASE IN NET ASSETS	754,958	2,492,973
NET ASSETS AVAILABLE FOR BENEFITS		
- BEGINNING OF YEAR	17,202,492	14,709,519
- END OF YEAR	$ 17,957,450	$ 17,202,492

See the accompanying notes.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

STATEMENT OF OBLIGATIONS FOR PENSON BENEFITS
March 31, 2005

	2005	2004
ACTUARIAL PRESENT VALUE OF DEFINED BENEFITS		
Active Members	$ 2,132,000	$ 3,299,000
Pensioners	9,671,000	8,425,000
Total Ongoing Plan Liabilities (Note 4)	11,803,000	11,724,000
ACTUARIAL VALUE OF NET ASSETS AVAILABLE FOR BENEFITS		
Net Assets Available for Benefits	17,547,000	17,563,000
Changes not reflected in actuarial value of net assets	410,450	(360,508)
Adjusted Actuarial Value of Net Assets Available For Benefits (page 2)	17,957,450	17,202,492
EXCESS OF ACTUARIAL VALUE OF NET ASSETS OVER ACTUARIAL PRESENT VALUE OF DEFINED BENEFITS	$ 6,154,450	$ 5,478,492

See the accompanying notes.

NOTE 1 DESCRIPTION OF PLAN

a) General

The fund was established pursuant to the Legislative Assembly Retiring Allowances Act and is administered by the Board of Management. The Act provides retiring allowances on a contributory, defined benefit basis to Members of the Legislative Assembly of the Northwest Territories who have been Members at any time for six or more years prior to October 16, 1995 or four or more years after October 16, 1995, commencing March 10, 1975, the date of the first fully elected Legislative Assembly.

b) The following description of the Legislative Assembly Retiring Allowance Plan is a summary only. For more complete information, reference should be made to the Plan agreement.

1) Funding Policy

The Legislative Assembly Retiring Allowance Act requires that the plan sponsor, the Government of the Northwest Territories, must fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of an actuarial valuation for the fund that must be completed no less frequently than as of the day on which each general election is held. The last actuarial valuation took place in May 2004, for the general election that was held in November 2003. (See Note 4).

In accordance with the Trust agreement, Plan members are required to contribute 6.5% of their salary and per diem allowances to the Plan. Employer contributions required are equal to the amount certified by the Actuary as being necessary to fully fund the benefits accruing under the Plan, less the amount of required employee contributions. Any surplus existing in the Plan may be used to reduce the required employer contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirements of the Pension Benefits Standards Act.

2) Normal Retirement Age

a. Service Prior to 1992

Age 55

b. Service After 1991

The earliest of:

- age 60
- 30 years of service
- age plus service equals 80

NOTE 1 DESCRIPTION OF PLAN - cont'd

3) Retirement Pension

A retirement pension is payable to a member, based on 2% of the average best earnings over four consecutive years as an MLA multiplied by Credited Service as an MLA.

PLUS

2% of the average best earnings over four consecutive years in that capacity of Minister, Speaker or Chairperson multiplied by Credited Service for each position. A position must be held for at least one year for a pension to be paid, and the pension for each position is calculated separately.

4) Early Retirement

A member may retire at any time upon ceasing to be a member of the Assembly. A Member retiring prior to Normal Retirement Age shall receive:

a. Service prior to 1992

A pension which is actuarially equivalent to the pension calculated as if the member was 55.

b. Service after 1991.

A pension which is reduced by .25% for each month a member retires before the Normal Retirement Age.

5) Late Retirement

Up to age 69.

6) Maximum Allowance

For benefits earned after 1991, the annual retirement pension payable shall not exceed the lessor of:

a. the defined limit as prescribed under the Income Tax Act of Canada for the year in which the pension commences, times the years of credited service after 1991;

b. 2% of the average annual indexed pensionable remuneration, times the years of credited service after 1991.

NOTE 1 DESCRIPTION OF PLAN - cont'd

7) Form of Pension

a. Service Prior to 1992

The normal form of payment is a joint and 75% survivor pension reducing on the death of the Member.

Each dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 25% of the retirement pension (to a maximum total of 100%) will be paid to each dependent.

b. Service After 1991

The normal form of payment for service after 1991 is a joint and 66-2/3% survivor pension reducing on the death of the Member with a guarantee of 100% of the first 60 monthly payments in any event.

Each Dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 100% shall be divided by the number of children for the first 60 monthly payments after the Member's pension commencement and then 25% of the benefit thereafter.

8) Increases in Pension

Pensions in pay and deferred pensions are increased every January 1st based on increases in the Consumer Price Index up to the preceding September 30th.

9) Pre-Retirement Death Benefits

If a Member or Former Member dies before retirement and is not eligible to receive a pension, his accumulated contributions with interest will be returned to the beneficiary. If he was eligible to receive a pension, it will be assumed that the Member retired on the day preceding his death and elected the normal form of pension.

10) Withdrawal Benefits

A Member who terminates with four or more years of service or serves at least one full term as a Member of the Assembly is entitled to a retirement pension. All other Members who terminate will receive a lump sum payment of their accumulated contributions with interest.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. The financial statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan nor the benefit security of individual plan members.

b) Contributions are recognized in the accounts on an accrual basis based on earnings as reported by the members' employers.

c) Pension and termination benefits are shown as expenditures in the year of payment.

d) Investments for the Legislative Assembly Retiring Allowance Fund are stated at fair market value.

e) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2005

NOTE 3 INVESTMENTS - RETIRING ALLOWANCE FUND

	2005	%	2004	%
Funds Managed by Investment Counsellors				
Cash and Cash Equivalents	$ 1,286	0.01	$ 1,381	-
UBS Canadian Equity Capital Fund Series A (Cost $1,617,246; 2004-$1,817,726)	2,247,556	12.54	2,282,392	13.3
McLean Budden Equity Funds (Cost $3,325,569; 2004-$3,180,198)	3,768,620	21.03	3,703,560	21.6
UBS US Equity Fund Series A (Cost $1,237,150; 2004 - $1,126,268)	1,121,849	6.26	1,008,216	5.9
Temporary Investments (Cost $562,971; 2004-$402,951)	562,972	3.14	402,951	2.3
NWT Legislative Assembly Building Society Series A Bonds (Cost $304,032; 2004 - $323,205)	318,602	1.78	338,694	2.0
Canada Fixed Income Mutual Funds (Cost $3,957,342; 2004 - $3,859,214)	3,973,002	2.17	3,838,761	22
Government of Canada Bonds (Cost $2,659,010; 2004 -$2,841,419)	3,152,879	7.60	3,142,167	18
McLean Budden Canadian Equity Value Fund (Cost $2,362,745; 2004 - $2,078,068)	2,770,479	5.46	2,462,906	14
Total at Fair Market Value	$ 17,917,245	100	$ 17,181,028	99

NOTE 4 OBLIGATIONS FOR PENSION BENEFITS

The present value of accrued pension benefits was determined using the projected accrued benefit method prorated on service and the plan administrator's best estimate assumptions. The most recent actuarial valuation was made as of April 1, 2004 by Hewitt Associates, a firm of consulting actuaries. This actuarial valuation report was prepared to April 1, 2004, using the projected accrued benefit actuarial cost method (also known as the projected unit credit method), prorated on service. The report was prepared in accordance with accepted actuarial practice and in accordance with Section PS3250 of the CICA Public Sector Accounting and Auditing Handbook.

The principal components of changes in actuarial present values during the year were as follows:

	2005	2004
Actuarial present value of accrued pension benefits - beginning of year	$ 11,724,000	$ 11,038,000
Cost of benefits earned	458,000	437,000
Interest accrued on benefits	818,000	784,000
Experience gains and losses	(201,000)	-
Benefits paid	(996,000)	(535,000)
Actuarial present value of accrued pension benefits - end of year	$ 11,803,000	$ 11,724,000

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant long term actuarial assumptions used in the market valuation were:

	2005	2004
Valuation Interest Rate (net of expenses)	7.0%	7.0%
Salary Projection Rate	5.0%	5.0%
Interest Credited on Contributions	7.0%	7.0%
Inflation Rate	4.0%	4.0%

The actuarial value of net assets available for benefits was determined based on market value on January 31, 2005. The actuarial value of assets is equal to a smoothed market value which spreads the difference between actual and expected investment income over a four year period and is then adjusted for payments due to, and payable from, the pension fund.

NOTE 5 PREPAID EXPENSE

	2005	2004
Prepaid Expense	$ 30,000	$ -
Current portion of Prepaid Expense	(7,500)	-
	$ 22,500	$ -

Prepaid expense consists of Actuarial fees related to an evaluation of the pension fund required every four years following a territorial election. The expense is amortized on a straight line basis over a four year period beginning with the current fiscal year.

NOTE 6 FINANCIAL INSTRUMENTS

The organization's financial instruments consist of cash, marketable securities, long-term investments, accounts receivable and accounts payable. It is managements' opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments and that the fair value of these financial instruments approximate their carrying value.

WORKERS' COMPENSATION BOARD

(NORTHWEST TERRITORIES AND NUNAVUT)

FINANCIAL STATEMENTS

for the year ended December 31, 2004

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Workers' Compensation Board and all information in this annual report are the responsibility of the Board's management and have been reviewed and approved by the Governance Council. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include some amounts, such as the benefits liability, that are necessarily based on management's best estimates and judgment. Financial information contained elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibilities for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized and in accordance with the specified legislation, assets are safeguarded, and proper records are maintained.

The Governance Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Governance Council exercises this responsibility through the Finance and Audit Committee which is composed of Directors who are not employees of the Workers' Compensation Board. The Finance and Audit Committee meets with management and the external auditors on a regular basis. The external auditors have full and free access to the Finance and Audit Committee.

The Auditor General of Canada annually provides an independent, objective audit of the financial statements for the purpose of expressing her opinion on these financial statements. She also considers whether the transactions that come to her notice in the course of this audit are, in all material respects, in accordance with the specified legislation.

Hewitt Associates, an independent firm of consulting actuaries, has been engaged to perform an actuarial valuation and provide an opinion on the adequacy and appropriateness of the benefits liability of the Workers' Compensation Board.

David Clark,
President and Chief Executive Officer

John Doyle,
Chief Financial Officer

February 25, 2005

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Ministers of the Workers' Compensation Board
of the Northwest Territories and Nunavut

I have audited the balance sheet of the Workers' Compensation Board of the Northwest Territories and Nunavut as at December 31, 2004 and the statements of operations, reserves and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Northwest Territories and Nunavut Financial Administration Acts, I report that, in my opinion, these principles have been applied, except for the change in the method of accounting for financial instruments as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Board and the financial statements are in agreement therewith. In addition, the transactions of the Board that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the Northwest Territories and Nunavut Financial Administration Acts and regulations and the Northwest Territories and Nunavut Workers' Compensation Acts and regulations.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
February 25, 2005

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WORKERS' COMPENSATION BOARD, NORTHWEST TERRITORIES & NUNAVUT
BALANCE SHEET
As at December 31
(in thousands of dollars)

	2004	2003
	$	$
ASSETS		
Current		
Cash and cash equivalents (Note 4)	**5,785**	7,219
Assessments receivable	**2,500**	1,494
Accrued interest receivable	**629**	475
Prepaid expenses	**148**	75
Other receivables	**79**	50
	9,141	9,313
Investments		
Fixed income (Note 5a)	**110,822**	105,888
Equities (Note 5b)	**146,539**	138,224
	257,361	244,112
Property, plant and equipment (Note 6)	**5,955**	4,790
	272,457	258,215
LIABILITIES AND RESERVES		
Current liabilities		
Bank overdraft (Note 4)	**652**	-
Accounts payable and accrued liabilities	**1,728**	1,943
Assessments refundable	**278**	475
Obligation under capital lease, current portion (Note 7)	**295**	273
	2,953	2,691
Benefits liability (Note 8)	**208,690**	210,142
Obligation under capital lease (Note 7)	**1,591**	1,887
Employee future benefits (Note 12b)	**1,153**	890
	214,387	215,610
Reserves (Note 9)		
Operating reserve	**12,342**	5,477
Investment fluctuation reserve	**11,600**	-
Rate subsidy reserve	**14,000**	17,000
Safety reserve	**178**	178
Catastrophe reserve	**19,950**	19,950
	58,070	42,605
	272,457	258,215

Contingencies (Note 13)
Approved by:

Acting Chairperson, Governance Council

The accompanying notes form an integral part of these financial statements

WORKERS' COMPENSATION BOARD, NORTHWEST TERRITORIES & NUNAVUT
STATEMENT OF OPERATIONS
For the year ended December 31
(in thousands of dollars)

	2004 **$**	2003 $
REVENUE		
Assessments	**28,519**	23,126
Investments		
Interest and dividends	**9,223**	9,737
Gains (Note 5c)	**14,499**	3,494
Investment fees	**(1,057)**	(1,001)
	22,665	12,230
Recoveries	**1,224**	526
	52,408	35,882
EXPENSES		
Cost of claims, current year (Note 8)	**21,575**	21,729
Cost of claims, prior years (Note 8)	**311**	8,319
	21,886	30,048
Administration and general expenses (Note 10)	**16,423**	14,767
	38,309	44,815
NET INCOME (LOSS) FROM OPERATIONS	**14,099**	(8,933)

The accompanying notes form an integral part of these financial statements

WORKERS' COMPENSATION BOARD, NORTHWEST TERRITORIES & NUNAVUT

STATEMENT OF RESERVES

For the year ended December 31
(in thousands of dollars)

	2004 $	2003 $
Operating reserve		
Balance, beginning of year	**5,477**	10,010
Change in accounting policy, January 1, 2004 (Note 3)	**1,366**	-
Net income (loss) from operations	**14,099**	(8,933)
Transfer from Rate subsidy reserve	**3,000**	5,000
Transfer to Investment fluctuation reserve	**(11,600)**	-
Transfer to Catastrophe reserve	**-**	(600)
Balance, end of year	**12,342**	5,477
Investment fluctuation reserve		
Balance, beginning of year	**-**	-
Transfer from Operating reserve	**11,600**	-
Balance, end of year	**11,600**	-
Rate subsidy reserve		
Balance, beginning of year	**17,000**	22,000
Transfer to Operating reserve	**(3,000)**	(5,000)
Balance, end of year	**14,000**	17,000
Safety reserve		
Balance, beginning of year	**178**	178
Balance, end of year	**178**	178
Catastrophe reserve		
Balance, beginning of year	**19,950**	19,350
Transfer from Operating reserve	**-**	600
Balance, end of year	**19,950**	19, 950

The accompanying notes form an integral part of these financial statements

WORKERS' COMPENSATION BOARD, NORTHWEST TERRITORIES & NUNAVUT
STATEMENT OF CASH FLOW

For the year ended December 31
(in thousands of dollars)

	2004 **$**	2003 $
OPERATING ACTIVITIES		
Cash received from:		
Assessments from employers	**27,316**	23,917
Interest and dividends	**9,082**	9,781
Cash paid to:		
Payments to claimants or third parties on their behalf	**(23,338)**	(25,750)
Purchases of goods and services	**(14,499)**	(14,308)
Investment managers and custodian	**(1,057)**	(1,001)
Cash used in operating activities	**(2,496)**	(7,361)
INVESTING ACTIVITIES		
Sale of investments	**213,332**	223,846
Purchase of investments	**(210,727)**	(214,698)
Purchase of capital assets	**(2,195)**	(922)
Cash provided by investing activities	**410**	8,226
Increase (decrease) in cash and cash equivalents	**(2,086)**	865
Cash and cash equivalents, beginning of year	**7,219**	6,354
Cash and cash equivalents, end of year	**5,133**	7,219

The accompanying notes form an integral part of these financial statements

1. Nature of operations

a) Authority, mandate and shared operations

The Workers' Compensation Board (the Board) operates under the authority of the Northwest Territories and Nunavut Workers' Compensation Acts. In addition, the Board is also responsible for the administration of the Northwest Territories and Nunavut Safety Acts, Mine Health and Safety Acts, and the Explosives Use Acts. The Board is exempt from income tax and the goods and services tax.

The mandate of the Board is to provide benefits to injured workers and to levy assessments against employers to cover the current and future costs of existing claims. The Board is also responsible for developing safety awareness programs and for monitoring safety practices in the workplace.

The Government of the Northwest Territories and the Government of Nunavut have signed an Inter-Governmental Agreement for a shared Workers' Compensation Board to allow the Board to remain as a single entity serving both territories. Cancellation of this agreement by either party requires one full fiscal year's notice.

b) Funding policy

The funding policy of the Board is to maintain the benefits liability at a fully funded level at each year end. The percentage funded is calculated as the ratio of total assets divided by the sum of total liabilities plus the catastrophe reserve. Fully funded status is maintained when this ratio is equal to, or greater than, one.

c) Reserves

Reserves are the portion of the Board's net assets which are in excess of the amount required to fund the Board's liabilities. These reserves are established for specific purposes and have prescribed levels.

The operating reserve was established in accordance with the Workers' Compensation Act and is intended to protect the Board against adverse fluctuations in claims costs and investment results. The target level for the operating reserve is established after the target level for the catastrophe reserve has been determined. Assessment rates are adjusted to bring the operating reserve to its target level over a period of between two years and ten years, depending on the margin by which the operating reserve is above or below the target level. The range of tolerance for the operating reserve is plus or minus 50% of the target level.

The purpose of the investment fluctuation reserve is to recognize the annual gains and losses on investments on an even basis in the operating reserve over a period of five years.

The catastrophe reserve is intended to protect the Board against a catastrophic event that results in a substantial increase in the Board's benefits liability. The Board has established specific criteria for determining whether an accident or event meets the definition of a catastrophic claim. The target level for the catastrophe reserve has been set at 300 times the Year's Maximum Insurable Remuneration (YMIR).

The rate subsidy reserve was established to fund the provision of a rate subsidy to employers on their assessments. The target level for the rate subsidy reserve is determined after the target levels for the catastrophe reserve and operating reserve have been established.

The safety reserve was established to fund safety programs and will be used to implement the Board's safety strategy.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting policies. The following is a summary of the significant accounting policies:

a) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates. The more significant management estimates relate to the determination of the benefits liability and assessment revenue.

b) Cash and cash equivalents

Cash and cash equivalents are funds consisting of cash and money-market instruments with initial maturities up to three months, less any bank overdraft.

c) Assessments

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls for the year. The assessment levy is payable by installments during the year. At year end, an estimate of the amount of adjustments to assessments based on the expected difference between estimated payroll and actual payroll is recognized as assessment revenue and recorded as a receivable.

An allowance for doubtful accounts is recorded for assessments receivable based on management's best judgment. All write-offs of assessments receivable must be approved by the Governance Council.

d) Recoveries

Amounts recovered from third parties for compensation expenses are recorded as part of claims expense in the year received. Recoveries of other expenses are recorded as revenue when received. These recoveries include funding received from the Government of the Northwest Territories to cover a portion of the Board's contributions to the Public Service Pension Plan, recoveries of housing rents paid on behalf of employees, other legal recoveries, and penalties from third parties.

e) Investments

The Board's investment portfolio is comprised of fixed income and equity investments. The Board's investment objective is to achieve a long-term rate of return that is sufficient to fund the Board's benefit liability, cover its operating costs, and provides for reasonable and stable assessment rates for employers.

The Governance Council is responsible for annually reviewing and approving the Board's investment policy and plan. The investment policy and plan outlines the types and classes of investments the Board may invest in and how the Board plans to achieve its investment objective and manage its investment risk. The investments are managed by external investment managers with different investment management styles to reduce the Board's investment risk. Generally speaking, investments are held until market conditions provide a better investment opportunity. The Board regularly reviews the performance of its investment portfolio against established industry benchmarks.

Canadian generally accepted accounting policies permit all financial assets to be designated as held for trading, held-to-maturity or available-for-sale. Held for trading generally refers to financial assets that are acquired with the objective of generating a profit in the near term. However, a financial asset is not precluded from being designated as held for trading because an entity does not intend to sell or repurchase it in the near term. An entity is permitted to designate any financial asset irrevocably on initial recognition as held for trading.

The Board has chosen to designate all of its investments as held for trading. Under held for trading, realized gains and losses and unrealized gains or losses arising from a change in the fair value of the investments are recorded in net income in the period in which the change occurred. The investments are recorded at fair value which for publicly traded investments is based on quoted market prices. The fair value of privately held investments is determined using a yield to maturity method. The effect of the change in accounting policy for investments is described in Note 3.

Interest and dividends are recognized in income in the period earned. Purchases and sales of investments are recognized on the trade date.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income is translated at the exchange rates in effect during the year. Exchange gains and losses resulting from the translation of foreign currency balances and transactions are recorded in investment gains for the year.

f) Benefits liability

The benefits liability represents the present value of future payments in respect of medical aid benefits, compensation payments, rehabilitation benefits, and pensions in respect of all claims arising from accidents occurring prior to the end of the fiscal year. The benefit liability also includes an allowance for future claims management expenses.

Many assumptions are required in the calculation of the benefits liability, including estimates of future inflation, interest rates and mortality rates. The amount of the benefits liability is determined on a basis which allows for future inflationary increases by using a discount rate of 3.5% per annum.

The benefits liability includes provision for all benefits provided by current legislation, policies and administrative practices.

The benefits liability is determined annually by an actuarial valuation. The independent actuary's opinion on the adequacy and appropriateness of the benefits liability is attached to these financial statements.

g) Administration and general expenses

A portion of administration and general expenses is allocated as claims management costs to the current year's claims and the prior years' claims. The amount allocated to claims is based on actuarially determined rates.

h) Employee future benefits

Pension benefits

Employees participate in the Public Service Pension Plan (the Plan) administered by the Government of Canada. The Board's contributions reflect the full cost as employer. This amount is currently based on a multiple of an employee's required contributions and may change over time depending on the experience of the Plan. The Board's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation. The Board is not currently required to make contributions with respect to any actuarial deficiencies of the Plan.

Other benefits

Under the terms and conditions of employment, the Board provides severance and removal benefits to its employees based on years of service and final salary. The cost of these benefits is determined based on management's best estimate. The Board recognizes the cost of future severance and removal benefits over the periods in which the employees render services. The liability for these benefits is recorded in the accounts as benefits accrue to employees. These benefits plans are not pre-funded and thus have no assets resulting in a deficit equal to the accrued benefit obligation.

i) Property, plant and equipment

Property, plant and equipment is recorded at cost and amortized over its estimated useful lives under the straight-line method as follows:

Furnishings	10 years
Equipment, including application software	5 years
Leasehold improvements and office space (leased)	over the term of the lease
Computer systems software developed for WCB	8 years

Assets recorded as capital leases are amortized on the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest.

3. Change in accounting policy

Effective January 1, 2004, the Board early adopted the new CICA Handbook Section 3855 on "Financial Instruments – Recognition and Measurement". The new standards for financial instruments permit the Board to designate its investments as held for trading, held-to-maturity or available-for-sale. The Board has chosen to designate all of its investments as held for trading. Under held for trading, the realized gains and losses and unrealized gains or losses arising from a change in the fair value of the investments are recorded in net income in the period in which the change occurred.

The new standards for financial instruments have been implemented using the transitional provisions of Section 3855. Differences between the previous carrying amount of the investments and the fair value of the investments at the beginning of the year have been recognized as an adjustment of the balance of the operating reserve at the beginning of the year. In addition, all realized and unrealized gains and losses on investments previously deferred as an asset or liability have been recognized as an adjustment of the balance of the operating reserve at the beginning of the year.

The change in accounting policy resulted in a $1,366 increase to the investments and the operating reserve on January 1, 2004. The adjustment to the opening operating reserve as a result of the change in accounting policy is as follows:

	Increase (decrease) in opening operating reserve **$**
Recognition of realized gains on investments previously deferred	**6,075**
Recognition of unrealized losses on investments previously deferred	**(6,125)**
Adjustment to remeasure the fixed income investments at fair value	**1,416**
Net increase in investments and operating reserve at January 1, 2004	**1,366**

In early adopting the new standards for financial instruments the Board also had to adopt the new CICA Handbook Section 3865 on "Hedges" and Section 1530 on "Comprehensive Income". These new standards did not have an impact on the financial statements. The Board did not present a separate statement of comprehensive income since there were no transactions that should be recognized in other comprehensive income during the year. Therefore, the net income for the year is the same as comprehensive income.

4. Cash and cash equivalents

The Board invests in the short-term money market. The overall yield of this portfolio is 2.65% at December 31, 2004 (2003 - 2.8%). All instruments held in cash and cash equivalents are readily convertible to cash and are held in high quality debt obligations issued or guaranteed by Canadian, Provincial, or Territorial governments, Canadian Chartered banks or Loan or Trust companies registered in Canada.

	2004 **$**	2003 $
Cash	**385**	1,347
Short-term investments	**5,400**	5,872
	5,785	7,219
Less bank overdraft	**(652)**	-
Cash and cash equivalents	**5,133**	7,219

Included in the amounts above is $176 Canadian held in foreign currencies (2003 - $307 Canadian).

5. Investments

a) Fixed income

The fair value and cost of the fixed income investments are as follows:

	2004		2003	
	Fair Value **$**	**Cost** **$**	Carrying Value $	Cost $
Indexed bond funds	**71,980**	**69,013**	72,571	72,326
Other fixed income investments	**38,842**	**36,569**	33,317	34,432
	110,822	**105,582**	105,888	106,758

Included in the above amounts are investments in privately held related party bonds as disclosed in Note 14. The amount taken into net assets as a result of the estimation of fair value of the privately held investments is $803 and the amount taken into net income in 2004 is $17.

The cumulative unrealized gains on the fixed income investments at the end of the year are:

	2004 **$**
Fixed income – cost	**105,582**
Cumulative unrealized gains	**5,240**
Fixed income – fair value	**110,822**

The remaining term to maturity of the other fixed income investments is as follows:

	Within 1 Year	1 to 2 Years	2 to 5 years	5 to 10 years	Over 10 years	**Fair Value 2004 $**
Government bonds	2,896	5,516	3,970	1,905	13,009	**27,296**
Corporate bonds	-	-	3,364	1,582	6,108	**11,054**
Mortgage backed bonds	-	-	-	-	492	**492**
	2,896	5,516	7,334	3,487	19,609	**38,842**

b) Equities

The fair value and cost of the equity investments are as follows:

	2004		2003	
	Fair Value **$**	**Cost** **$**	Carrying Value $	Cost $
Canadian equities	**71,623**	**44,221**	56,496	46,142
U.S. equities	**33,700**	**36,174**	37,649	36,155
International equities	**41,216**	**41,216**	44,079	36,780
	146,539	**121,611**	138,224	119,077

Included in the above totals for equities is $894 in short term investments (2003 - $1,607) to be invested at the investment managers' discretion.

The cumulative unrealized gains and losses on the equity investments at the end of the year are as follows:

	2004 **$**
Equities – cost	**121,611**
Cumulative unrealized gains	**32,703**
Cumulative unrealized losses	**(7,775)**
Equities – fair value	**146,539**

c) Gains on investments

The gains on investments recorded in net income can be broken down as follows:

	2004 **$**
Realized gains on investments	**3,970**
Change in unrealized gains on investments during the period	**10,529**
Gains on investments	**14,499**

d) Investment performance

Investments are managed by the Board's external investment managers. The market yield of the portfolio, as provided by our performance measurement service, is as follows:

	2004	2003
Fixed income investments	**7.38%**	7.0%
Canadian equities	**19.35%**	25.9%
U.S. equities	**0.74%**	1.4%
International equities	**8.57%**	7.0%
Cash and cash equivalents	**2.65%**	2.80%

e) Credit risk

Credit risk on financial instruments arises from the possibility that the issuer of a fixed income investment will fail to meet its obligations. In order to manage this risk, the Board's policy is that short term investments must have a minimum credit rating of A-1 by Moody's rating agency or its equivalent. Fixed income investments of a longer term must have a minimum credit rating of BBB by Standard & Poor's or its equivalent. These ratings are performed by an independent rating service.

f) Market risk

The Board invests in publicly traded fixed income and equity investments available on domestic and foreign exchanges and in privately held investments. These investments are affected by market changes and fluctuations. Market risk is managed through diversification between different asset classes, geographic diversification and investment management styles and by limiting the concentration in any single entity to 5% or less of the fair value of the investment fund.

The Board's investment target and actual asset mix at December 31 is as follows:

	Fair Value		Actual	
	Maximum	Minimum	**2004**	2003
Fixed income investments	50%	30%	**41.7%**	39.4%
Canadian equities	30%	20%	**27.2%**	26.3%
U.S. equities	20%	10%	**12.8%**	13.2%
International equities	20%	10%	**15.7%**	15.1%
Cash and cash equivalents	10%	0%	**3.2%**	3.0%

g) Interest rate risk

Fluctuations in interest rates can impact the fair value of the fixed income investments, as well as shift investor preferences among asset classes. Interest rate risk is minimized by actively managing the duration of the fixed income investments.

h) Foreign exchange risk

The Board has investments denominated in foreign currencies which are exposed to currency risk. To mitigate this risk, investment managers are authorized to enter into forward foreign exchange contracts, which represent commitments to exchange two currencies at a specified future date based on a rate agreed to by both parties at the inception of the contract, for the sole purpose of hedging foreign currency transactions. There were no forward exchange contracts outstanding at December 31, 2004 (2003 - nil). The total amount of investments (at fair value) exposed to foreign currency risk is as follows:

Currency	Fixed Income $	Equity $	**Total Investments Fair Value 2004 $**
Canadian	110,822	71,623	**182,445**
US		33,700	**33,700**
Euro	-	15,119	**15,119**
Pound Sterling	-	10,293	**10,293**
Japan	-	7,804	**7,804**
Switzerland	-	4,570	**4,570**
Hong Kong	-	1,153	**1,153**
Korea	-	782	**782**
Brazil	-	576	**576**
Australia	-	371	**371**
Sweden	-	329	**329**
Mexico	-	206	**206**
Russia	-	12	**12**
	110,822	146,539	**257,361**

6. Property, plant and equipment

	Cost $	**Accumulated Amortization $**	**2004 Net Book Value $**	2003 Net Book Value $
Assets under capital lease	4,242	3,130	**1,112**	1,325
Leasehold improvements	3,277	1,831	**1,446**	1,418
Equipment	3,508	2,063	**1,445**	1,316
Computer software, customized	2,080	396	**1,684**	649
Furnishings	572	304	**268**	82
	13,679	7,724	**5,955**	4,790

7. Obligation under capital lease

The Board leases office premises on the third and fourth floors of the Centre Square Tower in Yellowknife, Northwest Territories, expiring April 30, 2010. This lease has been classified as a capital lease. The Board is committed to payments of $436 per annum, including an implicit interest rate of 8%. The Board is also responsible for its proportional share of operating and maintenance expenses based on its share of space occupied. These expenses are based on the actual operating and maintenance costs of the lessor which are variable, therefore, these costs are not included in the table shown below.

	Future Minimum Lease Payments $	Imputed Interest at 8% $	**2004 Lease Obligation $**
Current	436	141	**295**
Non-current			
2006	436	116	**320**
2007	436	89	**347**
2008	436	61	**375**
2009	436	30	**406**
Thereafter	145	2	**143**
	1,889	298	**1,591**

8. Benefits liability

	Medical Aid $	**Compensation $**	**Pension Capitalization $**	**Pension Awards $**	**Total 2004 $**	Total 2003 $
Balance, January 1	24,623	20,936	36,026	128,557	**210,142**	205,541
Add: Claims expense						
Current year	6,259	7,300	8,016	-	**21,575**	21,729
Prior years	1,611	(3,431)	(4,334)	6,465	**311**	8,319
Liability transfer, capitalizations	-	-	(5,020)	5,020	-	
Recovered from third parties	-	225	-	-	**225**	372
	32,493	25,030	34,688	140,042	**232,253**	235,961
Less: Claims payments						
Current year injuries						
Claims payments	1,177	1,516	-	-	**2,693**	2,847
Claims management	415	528	-	-	**943**	986
Prior years' injuries						
Claims payments	3,694	2,763	-	10,285	**16,742**	18,042
Claims management	1,293	967	-	925	**3,185**	3,944
	6,579	5,774	-	11,210	**23,563**	25,819
Balance, December 31	25,914	19,256	34,688	128,832	**208,690**	210,142

The following is an actuarial reconciliation of the changes in the benefits liability:

	2004 **$**	2003 $
Balance, beginning of year	**210,142**	205,541
Add:		
Provision for current year's claims	**17,978**	17,896
Interest allocated	**11,988**	11,940
	29,966	29,836
Deduct:		
Payments for prior years' claims	**19,928**	21,986
Experience gain	**11,490**	3,249
	31,418	25,235
Balance, end of year	**208,690**	210,142

The principal source for the experience gain is lower than expected compensation and pension payments for prior years' claims.

9. Funding policy and reserves

The Board is fully funded at year end to meet its obligations and maintain an appropriate catastrophe reserve.

a) Operating reserve

The level at year end was $12,342 (2003 - $5,477). The target range at year end was $4,480 to $13,442 (2003 - $4,133 to $12,400)

b) Catastrophe reserve

The target level for the catastrophe reserve provides for the cost of a disaster. The level of the reserve at the end of the year is $19,950 (2003 - $19,950).

c) Rate subsidy reserve

The funding policy of the Board provides for discounts on assessment rates when the operating reserve exceeds its target range. During the year, a discount of 20% was applied to assessment rates (2003 - 30%).

d) Investment fluctuation reserve

The level of the reserve is set at 80% of the gains and losses for 2004 - $11,600 (2003 - $0)

10. Administration and general expenses

	2004 $	2003 $
Salaries, wages and allowances	**11,090**	9,950
Professional services	**3,867**	4,457
Office lease and renovations (non-capital)	**1,435**	1,359
Travel	**887**	1,096
Amortization - furnishings and equipment	**554**	381
Amortization - capital leases and improvements	**474**	449
Communications	**423**	456
Advertising and public information	**334**	187
Office services and supplies	**332**	299
Office furnishings and equipment (non-capital)	**293**	276
Training and development	**288**	234
Interest expense on capital lease obligation	**163**	184
Honoraria and retainers	**162**	170
Miscellaneous	**153**	99
Grants	**83**	92
Computer lease and services	**13**	8
Administrative and general costs	**20,551**	19,697
Less: Allocation to claims costs	**(4,128)**	(4,930)
Administrative and general expenses	**16,423**	14,767

11. Commitments

Future minimum lease payments on operating leases for office premises, staff accommodations and equipment over the next five years, and in aggregate, are as follows:

	2004 $
2005	**616**
2006	**350**
2007	**277**
2008	**229**
2009	**182**
Thereafter	**710**
	2,364

12. Employee future benefits

a) Contributions to the Public Service Pension Plan were as follows:

	2004 **$**	2003 $
Board's contributions	**1,184**	1,133
Employees' contributions	**510**	452

b) Liability for severance and removal out benefits as at December 31 is as follows:

	2004 **$**	2003 $
Accrued benefit obligation, beginning of year	**890**	1,015
Cost for the year	**534**	(9)
Benefits paid during the year	**(271)**	(116)
Accrued benefit obligation, end of year	**1,153**	890
Short term portion (included in Account payable and other accrued liabilities)	**-**	-
Long-term portion	**1,153**	890
	1,153	890

13. Contingencies

On December 16, 2004, the Supreme Court of the Northwest Territories awarded the Board $10.7 million plus interest and costs for the Giant Mine litigation. A formal Order will not be filed until after the matter of costs is heard in February 2005. The defendants may appeal the judgment. The amount and likelihood of a final resolution can not be determined at this time.

The Board has a number of other legal claims outstanding for recovery of compensation expenses from third parties. Recovery of these amounts cannot be reasonably estimated, therefore, no amount is recorded in the financial statements. Legal claims settled during the year resulted in recoveries of $225 (2003 - $372).

The Board has reviewed an appeal made with regard to an overpayment of assessments by an employer. The Board estimates that it will not owe any amount related to this appeal. While this liability is not recorded in the financial statements, due to its uncertain nature, the amount of potential loss has been estimated at a maximum of $978.

The Board has placed an offer to purchase a piece of land in the City of Yellowknife for the purpose of constructing an office building for its headquarters. The offer is still pending.

14. Related party transactions

The Board is related to all departments, agencies and Crown corporations of the Government of the Northwest Territories and the Government of Nunavut. The Board enters into transactions with these entities in the normal course of business. The following tables summarize the Board's:

Assessments revenue from related parties:

	2004 **$**	2003 $
Government of the Northwest Territories	**1,595**	1,307
Government of Nunavut	**1,443**	1,163
Public Agencies	**411**	155
	3,449	2,625

Balances due from related parties:

	2004 **$**	2003 $
Government of Nunavut	**562**	-
Government of the Northwest Territories	**157**	187
Public Agencies	**40**	-
	759	187

Investments in bonds of related parties (at fair value):

	2004 **$**	2003 $
Northwest Territories Power Corporation		
11.00% maturing March 9, 2009	**614**	626
11.125% maturing June 6, 2011	**1,304**	1,307
6.42% maturing December 18, 2032	**2,077**	2,018
5.95% Maturing December 15, 2034	**1,019**	-
	5,014	3,951
Northwest Territories Legislative Assembly Building Society		
13.00% Series A, maturing August 31, 2013	**443**	469
	5,457	4,420

Through memoranda of understanding with the Governments of the Northwest Territories and Nunavut, the Board charges the governments for the costs of administering benefits relating to hunters and trappers claims. These costs include the increase or decrease in the future benefits liability related to hunters and trappers claims; therefore, a significant decrease in the future benefits liability can result in a refund by the Board to either government. The Government of the Northwest Territories will provide a reimbursement for hunters and trappers claims in the amount of $157 (2003 - $153). The Government of Nunavut will provide a reimbursement for hunters and trappers claims of $561 (2003 – The Board provided a reimbursement to the Government of Nunavut for hunters and trappers claims of $90).

The Board does not record the value of other services provided by the Government of the Northwest Territories and the Government of Nunavut without charge in these financial statements. The services provided included training services, records management, and human resources support.

15. Fair value of other financial instruments

Cash and cash equivalents, accounts payable and accrued liabilities, and other amounts receivable and refundable are valued at their carrying values on the balance sheet, which are reasonable estimates of fair value due to the relatively short period to maturity of the financial instruments.

16. Comparative amounts

Certain of the prior year's figures have been reclassified to conform to the current year's financial presentation.

Hewitt

Workers' Compensation Board – Northwest Territories and Nunavut
Actuarial Opinion as at December 31, 2004

Hewitt Associates has been appointed by the Workers' Compensation Board of the Northwest Territories and Nunavut (the Board) to value the liabilities for future claim payments (Benefits Liability) in accordance with the **Workers' Compensation Act, N.W.T. 1988**.

As more fully described in our report dated February 25, 2005:

- We understand the valuation is intended for use in preparing the Board's balance sheet at December 31, 2004;
- The valuation was performed by Hewitt Associates and the results represent our independent assessment of the Board's liabilities for future claim payments and claim management expenses;
- We are aware that the Auditor General intends to use this valuation in accordance with the Joint Policy Statement of the CIA and the CICA;
- We confirm that the valuation has been performed in accordance with accepted actuarial practice;
- The methods and assumptions are consistent with the previous valuation and are detailed in the Statement of Funding Policy, Methods and Assumptions (March 2004);
- The valuation makes provision for all benefit obligations of the Board, including future indexing adjustments and future claims management expenses;
- We are not aware of any subsequent events that would materially impact this valuation; and
- The Benefits Liability at December 31, 2004 of $208,690,000 makes appropriate provision for the Board's benefits obligations.

In our opinion, for the purposes of the valuation:

- The data on which the valuation is based are sufficient and reliable;
- The assumptions used are appropriate; and
- The methods employed are consistent with sound actuarial principles.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practices.

Respectfully submitted for
HEWITT ASSOCIATES

Allan Brown
Fellow, Canadian Institute of Actuaries

February 25, 2005

NORTHWEST TERRITORIES HOUSING CORPORATION

FINANCIAL STATEMENTS

for the year ended March 31, 2005

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Honourable David Krutko
Minister Responsible for the
Northwest Territories Housing Corporation

The accompanying financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. Management is responsible for the integrity and objectivity of the data in these financial statements and, where appropriate, the statements include estimates and judgements based on careful consideration of information available to Management.

Management has developed and maintains books of accounts, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled and that transactions are in accordance with the *Financial Administration Act*, the *Northwest Territories Housing Corporation Act* and policies of the Corporation. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial Crown Corporation.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the financial statements of the Corporation. She also considers whether the transactions that come to her notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

FE Koe
Fred E. Koe, CMA, CAFM
President

J Anderson
J.B. (Jeff) Anderson, CGA, CPA
Chief Financial Officer
Finance and Corporate Services

Yellowknife, NT
June 17, 2005

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Auditor General of Canada
Vérificatrice générale du Canada

AUDITOR'S REPORT

To the Minister responsible for the
Northwest Territories Housing Corporation

I have audited the balance sheet of the Northwest Territories Housing Corporation as at March 31, 2005 and the statements of operations, equity and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations and the *Northwest Territories Housing Corporation Act* and regulations.

Roger Simpson, FCA
Principal
for the Auditor General of Canada

Edmonton, Canada
June 17, 2005

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NORTHWEST TERRITORIES HOUSING CORPORATION

Balance Sheet
As at March 31, 2005

	2005 ($'000)	2004 ($'000)
ASSETS		
Current		
Cash	$ 1,017	$ -
Short-term investments (Note 3a)	11,193	12,892
Accounts receivable (Note 4)	8,101	6,935
Due from the Government of the Northwest Territories (Note 5)	1,288	1,485
	21,599	21,312
Other receivables	113	501
Fixed-term investments (Note 3b)	7,383	4,060
	7,496	4,561
Investment in housing projects		
Land and buildings (Note 6a)	135,054	131,770
Mortgages receivable (Note 6b)	3,416	3,015
	138,470	134,785
Property and equipment (Note 7)	4,684	4,173
	$ 172,249	$ 164,831
LIABILITIES		
Current		
Bank indebtedness	$ -	$ 272
Accounts payable (Note 8)	11,113	10,319
Current portion of long-term debt and capital leases	5,514	5,006
	16,627	15,597
Long-term debt (Note 9)	80,345	85,364
Deferred capital contributions (Note 10)	58,803	51,245
Obligation under capital leases (Note 11)	8,780	9,279
Employee future benefits (Note 12)	1,248	1,331
	165,803	162,816
EQUITY		
Equity of the Government of the Northwest Territories	6,446	2,015
	$ 172,249	$ 164,831

Contingencies and commitments (Notes 16 and 17)

Approved by Management:

President

Chief Financial Officer

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Statement of Operations
For the year ended March 31, 2005

	2005 ($'000)	2004 ($'000)
Expenses		
Rental housing programs		
Contributions for social housing	$ 32,325	$ 32,757
Interest on long-term debt	9,509	10,025
Amortization	7,236	6,995
Repairs, maintenance, and other costs	5,543	3,633
Contributions for market housing	1,170	735
Homeownership programs		
Homeownership grants and contributions	6,625	10,414
Mortgage subsidies	1,911	2,947
Provision for impaired mortgages	1,286	1,805
Administration (Note 13)	13,588	13,864
	79,193	83,175
Revenues and recoveries		
Other revenue and recoveries	1,245	1,435
Investment revenue	755	768
Mortgage interest revenue	217	187
Gain on disposal of capital assets	1,478	420
Recovery of prior year grants	57	34
	3,752	2,844
Net cost of operations prior to government contributions	75,441	80,331
Government contributions		
Government of the Northwest Territories	40,632	41,613
Canada Mortgage and Housing Corporation (Note 14)	33,466	33,546
Amortization of deferred capital contributions	3,600	3,266
	77,698	78,425
Net cost of (contributions from) operations	$ (2,257)	$ 1,906

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Statement of Equity
For the year ended March 31, 2005

	2005 ($'000)	2004 ($'000)
Equity (deficit) of the Government of the Northwest Territories, beginning of the year	$ 2,015	$ (1,919)
Net contributions from (cost of) operations	2,257	(1,906)
	4,272	(3,825)
Contributions from the Government of the Northwest Territories		
Acquisition of non-depreciable capital assets	1,905	5,588
Long-term debt principal repayment (Note 5)	269	252
	2,174	5,840
Equity of the Government of the Northwest Territories, end of the year	$ 6,446	$ 2,015

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Statement of Cash Flows
For the year ended March 31, 2005

	2005 ($'000)	2004 ($'000)
Cash flow from operating activities		
Cash received from:		
Government of the Northwest Territories (GNWT)	$ 42,023	$ 40,701
Canada Mortgage and Housing Corporation (CMHC)	29,635	30,121
Miscellaneous revenue and recoveries	2,253	2,354
	73,911	73,176
Cash used for:		
Contributions for social housing	(32,743)	(32,624)
Administration	(14,637)	(13,593)
Interest on long-term debt	(9,520)	(10,008)
Mortgage subsidies	(3,387)	(3,639)
Repairs, maintenance and other costs	(5,642)	(3,633)
Homeownership grants and contributions	(6,305)	(9,050)
Contributions for market housing	(1,170)	(735)
	(73,404)	(73,282)
Net cash used by operating activities	(507)	(106)
Cash flow from financing activities		
Contribution from GNWT for capital assets	12,962	14,073
Contribution from CMHC for loan repayment	3,831	3,404
Repayment of long-term debt and capital leases	(5,010)	(4,487)
Net cash provided by financing activities	11,783	12,990
Cash flow from investing activities		
Mortgage payments received	847	1,088
Sale of capital assets	3,361	5,009
Capital assets purchased	(13,585)	(17,855)
Fixed-term investments purchased	(3,323)	(2,050)
Short-term investments redeemed	1,699	1,813
Net cash used by investing activities	(11,001)	(11,995)
Net increase in cash	1,289	889
Bank indebtedness, beginning of the year	(272)	(1,161)
Cash (bank indebtedness), end of the year	$ 1,017	$ (272)

The accompanying notes form an integral part of the financial statements.

1. PURPOSE OF THE ORGANIZATION

The Northwest Territories Housing Corporation (the Corporation) is a Territorial Crown Corporation, established under the *Northwest Territories Housing Corporation Act*. The Corporation is exempt from income tax but is subject to Goods & Services Taxes.

The Corporation is committed to working in partnership with communities and to provide opportunities for communities to become accountable for their own choices and delivery of housing programs. Through this partnership, opportunities are provided to all community residents to have homes that support a healthy, secure, independent and dignified lifestyle. The Corporation's principal objective is to develop, maintain and manage public housing programs in the Northwest Territories.

Pursuant to provisions of the *Northwest Territories Housing Corporation Act*, the Corporation is dependent upon the Government of the Northwest Territories (GNWT), either directly or indirectly through guarantees, for the funds required to finance the net cost of its operations and for capital projects.

2. SIGNIFICANT ACCOUNTING POLICIES

The Corporation's financial statements are prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

Revenue recognition

Government contributions provided through the GNWT Department of the Executive are restricted subject to the provisions of Section 20 of the *Northwest Territories Housing Corporation Act* and Part IX of the *Financial Administration Act*. Accordingly, contributions from the government are recognized as revenue in the year in which the related expenses are incurred.

Contributions and recoveries from the government for operations, grants and contributions to homeowners, repairs, maintenance and other costs are credited to operations, except for those amounts provided for long-term debt principal repayments, which are credited to equity. Contributions from the government for depreciable capital assets are recorded as deferred capital contributions on the balance sheet and are amortized on the same basis and over the same periods as the related capital assets. Grant-in-lieu contributions of depreciable capital assets from the government are also recorded as deferred capital contributions. Contributions for non-depreciable capital assets are credited to equity.

Federal contributions from Canada Mortgage and Housing Corporation (CMHC) are restricted under provisions of a Social Housing Agreement. Accordingly, federal contributions are recognized as revenue in the year in which the related expenses are incurred.

Federal contributions from CMHC used for the repayment of loans towards the purchase of capital assets approximate the annual amortization expense of these assets and are recognized in the year received.

Federal contributions from CMHC provided under the Affordable Housing Program agreement are credited against the capital costs of housing units built under the homeownership and the assisted rental housing programs.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investments

Short-term investments are valued at the lower of cost or market value, held to maturity and not considered cash equivalents. Fixed-term investments are valued at cost; with unrealized losses only recognized when there has been a permanent decline in the value of investments. Interest income is recorded on the accrual basis.

Investment in housing projects - land and buildings

Land and buildings constructed or purchased by the Corporation for the rental portfolio are stated at cost. Buildings transferred to the Corporation from CMHC or the government, are stated at their respective book value when transferred. This is considered a reasonable estimation of cost. Construction in progress includes amounts which may be transferred to land and buildings for rental programs and are carried at cost. Construction in progress and housing for sale include amounts that may be transferred to homeowners and a mortgage taken back against the property. These properties are carried at lower of cost and estimated realizable value. Housing materials are valued at lower of cost and net realizable value.

Social and market housing units are recorded as capital leases when the Corporation enters into lease agreements where, in effect, the risks and benefits of ownership are transferred to the Corporation. In such cases, the cost of the asset is determined as the discounted net present value of the minimum lease payments and is amortized using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs. Interest expense is included in interest on long-term debt.

Amortization for social housing, lease/purchase housing and market housing is provided using the declining balance method at an annual rate of 5%. The provisions for amortization begin in the year the building is completed or transferred in and are taken for the full year.

Housing for sale and construction in progress are not amortized.

Investment in housing projects - mortgages receivable

a) Mortgage subsidies

The Corporation, under section 44(1) of its Act, subsidizes principal and interest payments due from homeowners under the legal terms and conditions of mortgages. These subsidies vary in amount depending on the income of the mortgagees. Subsidies are expensed in the year the mortgage is approved and are recorded as mortgage subsidies.

Accordingly, the mortgage receivable balance represents the present value of the expected future payments from clients on the mortgages, prior to an allowance for impairment.

Subsequent changes to the amount of subsidy provided, resulting from changes in income of the mortgagee, are recognized in the year the changes occur.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Allowance for impaired mortgages

Mortgages are considered impaired when deterioration in credit quality has occurred and there is reasonable doubt as to the timely collection of principal and interest. A mortgage is considered impaired when a payment is six months in arrears. An allowance is established to reduce the recorded value of mortgages specifically identified as impaired to estimated realizable value.

Initial and subsequent changes in the amount of mortgage impairment are recorded in the year the changes occur.

Mortgage interest revenue

Interest income on mortgages is recorded on the accrual basis. When a mortgage becomes impaired, recognition of interest ceases. Thereafter, interest income is recognized on a cash basis, but only after prior write-offs arising from credit losses and the allowance for impairment has been recovered.

Property and equipment

Property and equipment are stated at amortized cost. Amortization is provided using the following methods and annual rates:

Office furniture and equipment	Declining balance	20%
Warehouses and offices	Declining balance	5%

Leasehold improvements are amortized on a straight-line basis over the term of the leases.

Contributions for social housing

Housing units owned by the Corporation are operated by local housing associations, authorities, municipalities and bands. The Corporation provides contributions for the annual operating requirements of these local housing organizations, net of rent revenues collected. These contributions are recorded on an accrual basis by the Corporation.

The Corporation also provides subsidy assistance to various non-profit housing sponsor groups and co-operatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recorded based on actual or estimated costs incurred by each sponsor group in the year.

Public Service Pension Plan

Employees participate in the Public Service Pension Plan (the Plan) administered by the Government of Canada. The Corporation's contributions reflect the full cost as employer. This amount is based on a multiple of an employees' contributions and may fluctuate over time, depending on the experience of the Plan. The Corporation's contributions are expensed during the year in which the services are rendered and represent the total pension obligation. The Corporation is not required to make contributions with respect to actuarial deficiencies of the Plan.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee future benefits

Under the terms and conditions of employment, employees may earn leave, severance and removal benefits based on years of service. The benefits are paid upon resignation, retirement or death of an employee. The cost of these benefits has been determined based on management's best estimates and accrued as a liability as employees render service.

Measurement uncertainty

The preparation of financial statements requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Corporation believes the estimates and assumptions to be reasonable.

Some of the more significant management estimates relate to: valuation of social housing including buildings under capital lease; valuation of allowances for mortgages receivable and of mortgage subsidies; employee future benefits; and the allocation of the costs of administering social housing programs for the Canada Mortgage and Housing Corporation.

3. INVESTMENTS

a) Short-term investments

The Corporation invests in the short-term money market. The market yield of this portfolio ranged from 1.00% to 5.20% in 2005 (2004 – 0.75% to 5.20%). All instruments held are in high quality debt obligations with an average term to maturity of 52 days (2004 - 51 days).

b) Fixed-term investments

	2005			2004
Issuer	Effective rate of return	Term to Maturity	Carrying Value ($'000)	Carrying Value ($'000)
Government of Canada	3.26%	1 to 2 years	$ 1,031	$ 2,081
Trust company	3.55%	1 to 4 years	1,015	979
Provincial government	4.59%	1 to 10 years	5,337	1,000
			$ 7,383	$ 4,060

The average yield of this portfolio in 2005 was 4.26% (2004 – 3.85%).

4. ACCOUNTS RECEIVABLE

	2005 ($'000)	2004 ($'000)
Trade accounts receivable	$ 809	$ 1,200
Receivables from related parties		
Government of the Northwest Territories	52	877
Canada Mortgage and Housing Corporation	6,166	4,556
Local housing organizations	1,074	302
	$ 8,101	$ 6,935

5. DUE FROM THE GOVERNMENT OF THE NORTHWEST TERRITORIES

	2005 ($'000)	2004 ($'000)
Receivable (payable) at beginning of the year	$ 1,485	$ (1,141)
Total contributions	(54,160)	(53,312)
Contributions for long-term debt principal repayment	269	252
Contributions for capital assets	13,062	14,073
Cost of operations funded by GNWT	40,632	41,613
Receivable at end of year	$ 1,288	$ 1,485

The GNWT makes contributions to the Corporation to fund operations, principal repayments of long-term debt, capital assets, and for repairs, maintenance, grants and other costs. The amount of contributions recorded in the financial statements is dependent upon actual expenses incurred for the year. Amounts spent in advance of the contributions are due from the GNWT and are carried forward to be funded from future year's contributions.

6. INVESTMENT IN HOUSING PROJECTS

a) Land and buildings

	2005 ($'000)			2004 ($'000)
	Cost	Accumulated Amortization	Net	Net
Land	$ 275	$ -	$ 275	$ 261
Housing for sale	4,853	-	4,853	5,142
Social housing	176,639	76,472	100,167	104,453
Social housing under capital lease	11,033	3,158	7,875	8,568
Lease/purchase housing	11,591	2,444	9,147	4,018
Market housing	6,103	499	5,604	2,605
Construction in progress	7,133	-	7,133	6,723
	$ 217,627	$ 82,573	$ 135,054	$ 131,770

b) Mortgages receivable

	2005 ($'000)	2004 ($'000)
Mortgages, bearing interest at rates varying between 5.95% and 14.25% per annum, repayable over a maximum period of 25 years	$ 13,081	$ 11,531
Less: allowance for impaired mortgages	(9,683)	(8,692)
	3,398	2,839
Direct lending and land acquisition loans bearing interest at rates varying between 7.75% and 13.25% per annum, repayable over a maximum period of 15 years	818	849
Less: allowance for impaired mortgages	(800)	(673)
	18	176
	$ 3,416	$ 3,015

The recorded value of those mortgages specifically identified as being impaired is $10,483,000 (2004 - $9,365,000). There were no write-offs in the current year.

The carrying amounts of mortgages receivable should not be interpreted as the realizable value on immediate settlement of these mortgages due to the uncertainty associated with such a settlement.

7. PROPERTY AND EQUIPMENT

	2005 ($'000)			2004 ($'000)
	Cost	Accumulated Amortization	Net	Net
Warehouses and offices	$ 6,136	$ 2,880	$ 3,256	$ 2,915
Office furniture and equipment	4,467	3,436	1,031	1,047
Leasehold improvements	657	260	397	211
	$ 11,260	$ 6,576	$ 4,684	$ 4,173

8. ACCOUNTS PAYABLE

	2005 ($'000)	2004 ($'000)
Trade payables	$ 7,724	$ 6,397
Accrued interest	470	481
Employee leave benefits	825	752
Deferred revenues	8	26
Payables to related parties		
Local housing organizations	1,670	1,316
Government of the Northwest Territories	416	1,347
	$ 11,113	$ 10,319

9. LONG-TERM DEBT

	2005 ($'000)	2004 ($'000)
Loans payable to Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest of 6.97% (2004 - 6.97%). The loans are guaranteed by the Government of the Northwest Territories	$ 26,053	$ 26,659
Mortgages payable to Canada Mortgage and Housing Corporation for units transferred under the Social Housing Agreement, maturing between the years 2005 and 2038, at interest rates ranging from 2.78% to 21.5% (2004 – 2.85% - 21.5%)	59,307	63,252
	85,360	89,911
Portion included in current liabilities	5,015	4,547
	$ 80,345	$ 85,364

9. LONG-TERM DEBT CONT'D

Principal repayments and interest requirements over the life of outstanding loans are as follows:

	Principal ($'000)	Interest ($'000)	Total ($'000)
2006	5,015	8,217	13,232
2007	5,356	7,671	13,027
2008	5,118	7,132	12,250
2009	5,383	6,584	11,967
2010	5,082	6,040	11,122
2011-2015	15,776	24,475	40,251
2016-2038	43,630	50,039	93,669

10. DEFERRED CAPITAL CONTRIBUTIONS – GOVERNMENT OF THE NORTHWEST TERRITORIES

	2005 ($'000)	2004 ($'000)
Balance, beginning of year	$ 51,245	$ 44,792
GNWT contribution for depreciable capital assets	11,158	9,719
Amortization of deferred capital contributions	(3,600)	(3,266)
Balance, end of year	$ 58,803	$ 51,245

11. OBLIGATION UNDER CAPITAL LEASES

The Northwest Territories Housing Corporation is committed, in aggregate, to payments of $1,746,000 per annum for 15 lease agreements for housing units that were initiated to support the Public Housing and Senior Citizens' Rent Supplement Programs and three lease agreements for market housing units. These lease agreements are based on implicit interest rates varying from 6.6% to 11.5% and expiry dates ranging from 2012 to 2023. The lease payments may be renegotiated every five years for changes in specific operating costs such as interest rates and cost of utilities. The Corporation is also responsible for other operating costs not included in the annual lease payment.

11. OBLIGATION UNDER CAPITAL LEASES (CONT'D)

	Future Minimum Lease Payments ($'000)	Executory Costs ($'000)	Imputed Interest ($'000)	Lease Obligation ($'000)
Current				
2006	$ 1,746	$ 423	$ 824	$ 499
Long-term				
2007	1,746	423	778	545
2008	1,746	423	729	594
2009	1,746	423	670	653
2010	1,746	423	611	712
2011-2023	11,694	2,821	2,597	6,276
	18,678	4,513	5,385	8,780
Total	**$ 20,424**	**$ 4,936**	**$ 6,209**	**$ 9,279**

12. EMPLOYEE FUTURE BENEFITS

The Corporation and all eligible employees contribute to the Public Service Pension Plan (PSPP). This pension plan provides benefits based on years of service and average earnings at retirement. The benefits are fully indexed to the increase in the Consumer Price Index.

Contributions to the PSPP were as follows:

	2005 ($'000)	2004 ($'000)
Employer's contributions	$ 1,104	$ 963
Employee's contributions	521	453
	$ 1,625	$ 1,416

The Corporation provides leave, severance and removal benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Liability for leave, severance and removal benefits is as follows:

	2005 ($'000)	2004 ($'000)
Accrued benefit obligation, beginning of the year	$ 2,083	$ 1,845
Costs for the year	108	279
Benefits paid during the year	(118)	(41)
Accrued benefit obligation, end of the year	2,073	2,083
Less: Employee leave benefits in accounts payable	(875)	(752)
	$ 1,248	$ 1,331

13. ADMINISTRATION EXPENSES

	2005 ($'000)	2004 ($'000)
Salaries and benefits	$ 10,373	$ 10,467
Building and equipment rentals	1,220	1,223
Travel and relocation	684	748
Professional and special services	396	810
Computer services	342	101
Materials and supplies	247	262
Communications	220	201
Workshops and studies	60	5
Land title fees and expenses	46	47
	$ 13,588	$ 13,864

14. CONTRIBUTIONS FROM CANADA MORTGAGE AND HOUSING CORPORATION

	2005 ($'000)	2004 ($'000)
Recoveries in respect of:		
Operations and maintenance		
Contributions for social housing including interest expense	$ 30,903	$ 30,983
Repairs, maintenance, and other costs	2,563	2,563
	$ 33,466	$ 33,546

Under the terms of a Social Housing Agreement (SHA) with Canada Mortgage and Housing Corporation (CMHC), the Corporation assumed full responsibility and liability for the management of social housing programs specified in the SHA. The Corporation receives annual funding from CMHC to manage these programs. The SHA and the funding expire in 2038.

CMHC's ownership interest in the social housing and loan portfolio affected by the SHA is transferred to the Corporation as Trustee, in accordance with a Declaration of Trust Agreement. A portion of the SHA funding is used to make payments on portfolio-related CMHC mortgages (note 9). As the related mortgages mature, the Corporation obtains clear title to CMHC's share of the book value of the respective assets. Until clear title is obtained, CMHC is entitled to its respective share of any gains realized upon the disposal of any portfolio assets.

Contributions from CMHC under the Affordable Housing Program for 2005 are approximately $1,495,000 (2004 - $1,775,000).

15. FINANCIAL INSTRUMENTS

a) Fair Value

The fair values of the Corporation's financial instruments are estimated as follows:

	2005 ($'000)		2004 ($'000)	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Fixed-term investments	$ 7,383	$ 7,321	$ 4,060	$ 4,240
Loans payable	26,053	27,815	26,659	28,324
Mortgages payable	59,307	87,182	63,252	91,407

Fair values for fixed-term investments are the market value as at March 31.

The fair value of loans and mortgages payable is based on an estimated market value of the debt. This is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland & Labrador and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt.

The fair value of the remaining financial assets and liabilities approximate the carrying amounts because of the short term to maturity.

b) Credit Risk

Investments are managed by the Corporation's external investment managers. All investments have an R-1 medium or an AA rating or higher from the Dominion Bond Rating Service. Investments are limited to a maximum of 10% to 50% of the total portfolio and a maximum dollar value of $10 million depending on the issuer of the investment. There is no significant concentration in any one investment counterparty.

Accounts receivable consists primarily of amounts due from GNWT, CMHC and federal Goods and Services Tax rebates, which in aggregate represent 82% (2004 – 82%) of balances outstanding.

Mortgage credit risk arises from the possibility that clients might be unable to fulfill their obligation under mortgage contract. This risk is mitigated by verifying employment status and income, and by performing a credit assessment which includes ensuring there are no rent arrears with local housing organizations.

Loan guarantees provided by the Corporation to banks are in respect of loans advanced to individual homeowners and contractors throughout the territory. Guaranteed loans mature at various dates to the year 2023. Losses relating to loan defaults are not significant to the Corporation's 2005 operations.

16. CONTINGENCIES

The Corporation provided guarantees to banks financing certain new or renovated residential housing construction. As at March 31, 2005 a total of 44 (2004 - 40) loan guarantees were in effect, and the outstanding balance of loans guaranteed was $11,676,000 (2004 - $6,459,000). As at March 31, 2005, no claims have been made on guarantees and no accrued liabilities recorded.

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, costs and expenses related to these loans. The value of these third party loans as at March 31, 2005 is approximately $37,781,000. (2004 - $39,035,000).

17. COMMITMENTS

The Corporation leases office space and rent supplement public housing units and is committed to basic rental payments over the next five years. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. The basic rental payments are as follows:

	Total ($'000)
2006	4,443
2007	3,863
2008	3,210
2009	2,871
2010	1,920

18. RELATED PARTY TRANSACTIONS

The Corporation's relationship with the various local housing organizations (authorities, associations, bands, and municipalities) is as a "partner" in the delivery of social housing, as provided under individual management agreements. The housing authorities are incorporated under the *Northwest Territories Housing Corporation Act* and the Minister responsible for the Corporation appoints the members.

The Corporation funds the operating costs of the local housing organizations based on a funding formula. In addition the local housing organizations complete Modernization & Improvement projects on various social housing units, as approved and funded by the Corporation.

The Corporation is also related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business, under terms and conditions similar to those with unrelated parties.

19. SUBSEQUENT EVENT

Effective April 1, 2005, the GNWT Department of Education, Culture & Employment (EC&E) is responsible for providing social housing rental subsidies. A GNWT contribution of $30,950,000 which in the past was provided as an appropriation to the Corporation has, for 2005/06, been voted as an appropriation to EC&E to carry out its new responsibilities. For 2005/06 however, EC&E will return this funding to the Corporation to administer the social housing rental subsidies on their behalf. Consequently there will be minimal financial effect on the Corporation at this time.

Northwest Territories Development Corporation

(unaudited)

Consolidated Financial Statements

March 31, 2005

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Management's Responsibility for Financial Reporting

July 29, 2005

To the Minister responsible for the
Northwest Territories Development Corporation

Management is responsible for the preparation and presentation of the consolidated financial statements. The accompanying consolidated financial statements were prepared by management in accordance with Canadian generally accepted accounting principles, and related practices that are appropriate in the circumstances. The financial information includes certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis.

The Northwest Territories Development Corporation (the Corporation) maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Corporation acts in accordance with the laws of the Northwest Territories and Canada. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles and for maintaining standards of conduct that are appropriate to a territorial Crown corporation.

The Board of Directors (the Board), through the Audit Committee which is comprised of Directors who are not employees of the Corporation, is responsible for reviewing and approving the audited annual financial statements and oversees management's responsibilities for financial reporting and internal controls. The Audit Committee meets with management and the external auditor to discuss the financial reporting process as well as accounting and auditing issues. The Auditor General of Canada has full and free access to the Audit Committee.

The Auditor General of Canada annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. She also considers whether transactions which come to her notice in the course of her audit are, in all significant respects, in accordance with the specified legislation.

Pawan K. Chugh
Chief Executive Officer

Leonard Kwong
Director Program Evaluation and Finance

Northwest Territories Development Corporation
(unaudited)

Consolidated Financial Statements

March 31, 2005 **Page**

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Northwest Territories Development Corporation

(unaudited)

Consolidated Statement of Operations

For the year ended March 31,	2005	2004
Revenue		
Sales	$ 2,311,155	$ 2,171,776
Cost of goods sold	1,818,042	1,526,120
Gross margin	**493,113**	**645,656**
Dividends	73,495	173,703
Interest	107,515	115,812
Other revenue	92,839	88,165
	766,962	**1,023,336**
Expenses		
Selling and administrative (Note 15)	2,992,990	2,806,831
Amortization of property and equipment	115,684	123,374
(Reversal of) provision for loss on investments	(123,347)	205,000
Business development expenditures	60,400	167,139
	3,045,727	3,302,344
Net loss from operations	**(2,278,765)**	**(2,279,008)**
Other items		
Asset impairment charge (Note 8)	(377,376)	-
Gain on disposal of property and equipment	19	755
	(377,357)	755
Net loss before government contributions	**(2,656,122)**	**(2,278,253)**
Government of the Northwest Territories contributions (Note 4)	3,378,527	3,249,666
Net income	**$ 722,405**	**$ 971,413**

The accompanying notes form an integral part of the financial statements.

Northwest Territories Development Corporation

(unaudited)

Consolidated Statement of Deficit and Contributed Equity - Venture Investments

For the year ended March 31,		2005		2004
Deficit				
Balance, beginning of year	$	(2,255,128)	$	(3,052,838)
Net Income		722,405		971,413
Transfer of dividends to Contributed Equity - Venture Investments (173,703)				(73,495)
Balance, end of year	**$**	**(1,606,218)**	**$**	**(2,255,128)**
Contributed Equity - Venture Investments				
Balance, beginning of year	$	5,717,610	$	5,543,907
Contribution from the Government		18,551		-
Dividends earned		73,495		173,703
Balance, end of year	**$**	**5,809,656**	**$**	**5,717,610**

The accompanying notes form an integral part of the financial statements.

Northwest Territories Development Corporation
(unaudited)

Consolidated Balance Sheet

As at March 31,	2005	2004
Assets		
Current		
Cash and cash equivalents (Note 6)	$ 5,001,952	$ 3,028,751
Accounts receivable	264,204	301,018
Inventory	1,295,293	1,517,122
Prepaid expenses and deposits	14,902	2,872
	6,576,351	4,849,763
Reserve funds (Note 6)	668,043	639,492
Venture investments (Note 7)	404,000	1,129,000
Property and equipment (Note 8)	346,323	829,124
	$ 7,994,717	**$ 7,447,379**
Liabilities		
Current		
Bank indebtedness (Note 9)	$ 4,981	$ 55,402
Accounts payable and accrued liabilities	519,821	560,973
	524,802	616,375
Deferred capital contributions (Note 5)	2,551,224	2,653,269
	3,076,026	3,269,644
Equity		
Contributed surplus - Government	715,253	715,253
Contributed equity - Venture Investments	5,809,656	5,717,610
Deficit	(1,606,218)	(2,255,128)
	4,918,691	4,177,735
	$ 7,994,717	**$ 7,447,379**

Commitments (Note 11).
The accompanying notes form an integral part of the financial statements.

Approved by the Board:

Darrell Beaulieu	**Albert Lafferty**
Chairperson of the Board	**Chairperson of the Audit Committee**

Northwest Territories Development Corporation
(unaudited)

Consolidated Statement of Cash Flow

For the year ended March 31,	2005	2004
Operating activities		
Net income	$ 722,405	$ 971,413
Items not affecting cash		
Amortization of property and equipment	115,684	123,374
Asset impairment charge (Note 8)	377,376	-
Amortization of deferred capital contributions	(462,045)	(88,365)
Gain on disposal of property and equipment	(19)	(755)
Change in provision for loss on investments	(123,347)	205,000
Change in non-cash operating working capital (Note 10a)	205,461	201,375
Cash flows from operating activities	**835,515**	**1,412,042**
Financing activities		
Contribution from the Government (Note 10b)	378,551	80,104
Contribution to sinking fund	-	(270,000)
Cash flows from (used in) financing activities	**378,551**	**(189,896)**
Investing activities		
Investment in venture investments	(185,514)	-
Venture Investments - redemptions and repayments	1,033,861	300,000
Acquisition of property and equipment	(10,259)	(117,056)
Proceeds from disposal of property and equipment	19	755
Cash flows from investing activities	**838,107**	**183,699**
Increase in cash	2,052,173	1,405,845
Cash, beginning of year	3,612,841	2,206,996
Cash, end of year	**$ 5,665,014**	**$ 3,612,841**
Represented by:		
Cash and cash equivalents	$ 5,001,952	$ 3,028,751
Reserve funds	668,043	639,492
Bank indebtedness	(4,981)	(55,402)
	$ 5,665,014	**$ 3,612,841**

The accompanying notes form an integral part of the financial statements.

1. Authority and operations

(a) Authority

The Northwest Territories Development Corporation (the Corporation) is a territorial Crown corporation of the Government of the Northwest Territories (the Government) and operates under the authority of the *Northwest Territories Development Corporation Act* (the *Act*) which came into effect August 24, 1990. The Corporation and its wholly owned subsidiaries are agents of the Government.

(b) Operations

The Corporation invests in business enterprises in accordance with the economic objectives of the Government through equity investments, subsidies, loans and project contributions. These economic objectives are to create employment and income opportunities for residents of the Northwest Territories, primarily in small communities, to stimulate growth of businesses in the Northwest Territories and to promote economic diversification and stability.

(c) Economic Dependency

The Corporation is economically dependent upon the Government for continued funding.

(d) Taxes

The Corporation and its subsidiaries are exempt from municipal and territorial taxes pursuant to Section 27 of the *Act.* Furthermore, the Corporation and its subsidiaries are exempt from federal income taxes, pursuant to Paragraph 149(1)(d) of the *Income Tax Act* (Canada).

2. Accounting Principles

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies of the Corporation are:

(a) Principles of Consolidation

These consolidated financial statements include the accounts of the parent company, Northwest Territories Development Corporation, and its subsidiaries. At March 31, 2005, these subsidiaries were:

Subsidiary	Location	Percentage Ownership	Incorporation Date
Light Manufacturing			
913044 N.W.T. Ltd. (o/a Fort McPherson Tent & Canvas)	Fort McPherson, NWT	100%	September 25, 1991
Aklavik & Tuktoyaktuk Furs Ltd.	Aklavik, NWT	100%	June 30, 1997
Dene Fur Clouds Ltd.	Fort Providence, NWT	100%	December 18, 1997
Fine Arts and Souvenirs			
Acho Dene Native Crafts Ltd.	Fort Liard, NWT	100%	October 15, 1992
Wholesale/Retail Stores			
Arctic Canada Trading Co. Ltd.	Yellowknife, NWT	100%	June 28, 1997
Nahanni Butte General Store Ltd.	Nahanni Butte, NWT	51%	October 15, 1992
Rae Lakes General Store Ltd.	Rae Lakes, NWT	100%	October 14, 1992

Aklavik & Tuktoyaktuk Furs Ltd. had a wind-up plan approved by the Board in November 2002; in 2004 the company divested itself of its leases and properties in Aklavik and is continuing operations pending sale of the building in Tuktoyaktuk.

The Corporation controls all of its subsidiaries but does not hold a 100% interest in all of them. The non-controlling interest in the subsidiaries has been reduced by the losses applicable to the non-controlling interest. The excess and any further losses applicable to the non-controlling interest are allocated only to the parent's interest. Subsequent earnings will be allocated proportionately to the non-controlling interest when the parent's previously absorbed losses are recovered.

These consolidated statements include the assets and liabilities of the above named subsidiaries as at March 31, 2005 and the results of their operations for the year then ended.

2. Accounting Principles (continued)

(b) Inventory

Inventory is valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis.

(c) Venture Investments

Venture investments are in the form of equity investments and loans receivable.

Loans receivable are carried at the amount of the funds advanced less accumulated provision for loss. When conditions of the loan agreement are not met, the entire principal balance and accrued interest shall become due and payable to the Corporation, at its option.

Loans are classified as impaired either when there is no longer the assurance of the timely collection of payments or when there is a deterioration in credit quality to the extent that the Corporation no longer has reasonable assurance that the full amount of principal and interest will be collected. When a loan becomes impaired, recognition of interest income ceases.

Investments in ventures are carried at cost, or at cost less an allowance for loss on realization.

Loss on investments is recognized when there is other than a temporary decline in value. Provision for loss on investments is determined following a detailed review of the investments and specific provisions are made for those investments known to be in difficulty or have declined in value. Provision for loss on investments includes loan forgiveness and a provision for loss on realization of venture investments. It is not possible to determine the fair value of venture investments given their illiquid nature.

Dividends from venture investments are included in revenue when received and are deposited to the Venture Investment Fund pursuant to Section 17(6) of the *Act*, to be used for additional investments in venture activities.

2. Accounting Principles (continued)

(d) Property and Equipment

Property and equipment is carried at cost less accumulated amortization. Amortization is recorded by the straight-line method at rates set out below:

Buildings	20 years
Equipment	4 years
Office furniture and equipment	4 years
Leasehold improvements	4 years
Computer equipment	4 years
Vehicles	4 years

Prior to April 1, 2000, property and equipment was amortized over 5 years or the number of years in which the Corporation had received guaranteed funding from the Government. Buildings acquired subsequent to March 31, 2000 are amortized on a straight-line basis over 20 years while any equipment and software acquired are amortized on a straight-line basis over 4 years.

(e) Employee Future Benefits

The Corporation grants annual leave to employees based upon their respective terms of employment. Any annual leave not used during the year is accrued as an expense at year-end using each employees current salary level.

The Corporation does not maintain a pension plan for its employees but does make matching contributions to a registered retirement savings plan administered by an agent of the employee's choice. These contributions represent the total liability of the Corporation and are recognized on a current basis.

The Corporation also provides a life insurance and healthcare benefit plan through the NWT Chamber of Commerce Group Insurance Plan. The Corporation is not responsible for any future liabilities of this plan and premiums paid to that plan are recognized on a current basis.

(f) Revenue

Revenues earned from operations are recorded as services are rendered. Revenue is recognized on an accrual basis.

(g) Business Development Expenses

Business development expenses include spending on feasibility studies, business plans, investigations, due diligence assessments and appraisals which have been approved by the Board or the President. It is the Corporation's policy to charge these expenses to current year operations.

2. Accounting Principles (continued)

(h) Contributions from the Government of the Northwest Territories

The Corporation receives a contribution from the Government as set out below. This contribution is used for the purposes set out in the contribution agreement and is not repayable.

The contribution is allocated at the discretion of the Board as approved by the Financial Management Board (the FMB) for the purposes of acquiring capital and venture investments, providing operating subsidies to subsidiaries, financing head office operations, providing project contributions, paying business development expenses and purchasing property and equipment for the Corporation.

The amount of the contribution approved by the Board for investment in majority-owned subsidiaries and for the acquisition of property and equipment for the Corporation and for working capital advances to the subsidiaries is recorded as deferred capital contribution, and is amortized into income on the same basis as the amortization of the related property and equipment and investments.

The amount of the contribution approved by the Board for investment in loans receivable, preferred shares or non-controlling interests in common shares is recorded as Contributed Equity - Venture Investments and is recognized in the year for which the funds are advanced.

The amount of the contribution approved by the Board for providing operating subsidies to the subsidiaries is recognized in the year that the subsidy is paid to the subsidiary. A subsidy allocation which has not been expended at year end lapses. The amount of the contribution approved by the Board for providing project contributions is recognized in the year that the project contribution is paid. The amount of the contribution approved by the Board for financing head office operations and business development expenses is recognized in the year for which it is approved by the Legislative Assembly of the Government.

(i) Federal and Territorial Funding

The subsidiaries apply directly to specific programs and the funding is recognized as income in their financial statements and the consolidated financial statements.

(j) Measurement Uncertainty

The preparation of the financial statements, in accordance with Canadian generally accepted accounting principles, requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenditures reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Corporation believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to the provision for loss for venture investments and inventories.

3. Job Creation Or Maintenance And Compliance With Investment And Subsidy Limits

The *Act* provides the Corporation with the mandate to create or maintain jobs within the Northwest Territories. To this end, the Government provides a contribution to the Corporation.

Under subsection 16(4) of the *Act*, the Corporation may, for each job directly or indirectly created in a project or subsidiary, pay from the Subsidy Fund to a subsidiary or for the benefit of a project, a subsidy for operating costs each fiscal year in an amount not exceeding the prescribed maximum of $25,000 per job created. Under subsection 16(3) of the *Act*, the Corporation may, for each job directly or indirectly created in a project or subsidiary, pay from the Capital Fund to a subsidiary or for the benefit of a project, as initial investment, an amount not exceeding the prescribed maximum of $100,000 per job created.

The *Act* further states that amounts greater than the prescribed maximums may be provided with the approval of the FMB. The FMB has approved the subsidy expense for the 2004-2005 fiscal year through a Financial Management Board Record of Decision; amounts were expended consistent with the Corporation's policy on Job Creation and Measuring the Results and with the *Northwest Territories Development Corporation Regulations*. Acho-Dene Native Crafts Ltd., Arctic Canada Trading Co. Ltd., Dene Fur Clouds Ltd. and Nahanni Butte General Store Ltd., with the approval of the FMB, received a subsidy in excess of the $25,000 per job.

The following jobs were created or maintained by the Corporation, its subsidiaries and venture partners during the 2004-2005 fiscal year. Indirect jobs have been calculated using the Northwest Territories Bureau of Statistics Input-Output Model and have been calculated on an aggregate basis for subsidiary operations. Direct and indirect venture job creation and maintenance numbers have been aggregated in order not to compromise venture operations.

	Current Year Subsidies Provided	**Direct Jobs**		**Indirect Jobs (Aggregate Totals)**	
		2005	2004	**2005**	2004
913044 N.W.T. Ltd. (o/a Fort McPherson Tent & Canvas)	$ 90,000	7.00	11.00		
Acho Dene Native Crafts Ltd.	150,000	3.00	4.00		
Arctic Canada Trading Co. Ltd.	64,071	1.00	1.00		
Dene Fur Clouds Ltd.	250,000	8.00	9.00		
Nahanni Butte General Store Ltd.	115,000	3.00	3.00		
Rae Lakes General Store Ltd.	-	5.00	5.00		
	$ 669,071	27.00	33.00	12.00	14.00
NWT Development Corporation Head Office		8.00	8.00	6.00	5.00
		35.00	41.00	18.00	19.00
Venture Investments		73.50	72.50	21.00	26.00
		108.50	113.50	39.00	45.00

In fiscal 2004-2005, the total number of direct and indirect jobs created or maintained by the Corporation, its subsidiaries and the ventures that it has invested in, number 147.50 (2004: 158.50). Aklavik & Tuktoyaktuk Furs Ltd. did not receive any capital or subsidy dollars in the fiscal year, nor did it create or maintain any jobs.

4. Government Contributions

	2005	2004
Government of the Northwest Territories		
Contribution for subsidies to subsidiaries	$ 669,071	$ 531,709
Contribution to operations and business development	2,152,378	2,589,982
Amortization of deferred capital contributions - Government	462,045	88,365
	3,283,494	3,210,056
Federal and Territorial programs	95,033	39,610
	$ 3,378,527	**$ 3,249,666**

5. Deferred Capital Contributions

	2005	2004
Opening balance	$ 2,653,269	$ 2,661,530
Funding received in the year	360,000	80,104
Amortization recognized	(462,045)	(88,365)
Ending balance	**$ 2,551,224**	**$ 2,653,269**

6a. Funds

The consolidated cash and cash equivalents balance available to the Corporation and its subsidiaries at March 31, 2005 totalled $5,669,995. This balance consisted of $668,043 in reserve funds and $5,001,952 in consolidated cash balances (net of bank indebtedness). The unconsolidated bank balance of the Corporation as at March 31, 2005 was $5,296,914. The consolidated fund balances of the Corporation are comprised as follows:

Funds available for capital investments	$ 343,923
Capital Reserve Fund	191,381
Funds available for venture investments	2,908,841
Venture Reserve Fund	476,662
Funds available for operations	611,572
Funds available for subsidies	764,535
	5,296,914
Subsidiary cash balances, net	373,081
Consolidated cash and cash equivalents balance including reserves	**$ 5,669,995**

6b. Reserve Funds

Pursuant to Sections 16 and 17 of the *Act*, the Corporation is required to administer a Capital Reserve Fund and a Venture Reserve Fund. The Corporation is required to allocate to these funds an amount equal to 10% of the sums paid from the Capital Fund and the Venture Fund. The legislation indicates that allocations are required to these two reserve funds up to a prescribed maximum. The prescribed maximum is $1 million for both reserve funds.

The Corporation may pay a sum out of the reserve fund to a subsidiary or business enterprise as a further investment or as a short-term or long-term financing to carry on its business. The amount should not exceed the prescribed maximum of $250,000, or if greater than the prescribed maximum with the Financial Management Board's approval, pursuant to subsections 16(6) and 17(5) of the Act.

The Corporation is required to pay amounts in the Capital Reserve Fund that exceed the prescribed maximum of $1 million to the Consolidated Revenue Fund of the Government . The Corporation is required to contribute to the Venture Reserve Fund until it reaches the prescribed maximum of $1 million. Further contributions are not required when the maximum is maintained.

	2005	2004
Capital Reserve Fund		
Opening reserve	$ 181,381	$ 321,381
Current year reserve deposit	10,000	10,000
Draws	-	(150,000)
Ending reserve	**191,381**	**181,381**
Venture Reserve Fund		
Opening reserve	458,111	458,111
Current year reserve deposit	18,551	-
Ending reserve	**476,662**	**458,111**
	$ 668,043	**$ 639,492**

6c. Cash Management

The Corporation's cash is pooled with the Government's surplus cash and is invested in a diversified portfolio of high grade, short term income producing assets. The cash can be withdrawn at any time and is not restricted by maturity dates on investments made by the Government. The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments, depending on the investment class, are rated R-1 Low or better by the Dominion Bond Rating Service Limited. The Corporation's average annual investment yield to March 31, 2005 was 1.91% (2004: 2.47%).

7. Venture Investments

		2005	2004
Loans Receivable			
Wekweti Development Corporation		$ 220,000	220,000
Tli-Cho Co-operative Ltd.		212,350	212,350
Nats'enelu Ltd.		-	100,000
		432,350	532,350
Less: Provision for loss		(432,350)	(532,350)
		-	-
Investments in Shares			
Red Dog Mountain Contracting Ltd.	preferred	514,239	1,425,600
Tri-Vanguard Pictures Ltd.	preferred	400,000	400,000
ADK Corporate Group	preferred	300,000	300,000
Kunnek Resource Development Corp	preferred	300,000	300,000
175119 Canada Inc. (Norweta Cruises)	preferred	273,311	273,311
Two River Development Group Ltd.	preferred	160,000	160,000
Nats'enelu Ltd.	preferred	-	150,000
Dunnett Petroleum Ltd.	preferred	135,000	135,000
North Nahanni Naturalist Lodge Ltd.	preferred	100,000	100,000
Enodah Wilderness Travel Ltd.	preferred	98,000	98,000
Paulette & Clarke's Renovations Ltd.	preferred	75,514	-
F.C. Services Ltd.	preferred	17,500	30,000
Acoda Gifts Ltd.	common	-	15,000
Tli-Cho Co-operative Ltd.	preferred	100	100
		2,373,664	3,387,011
Less: Provision for loss		(1,969,664)	(2,258,011)
		404,000	1,129,000
Net Investment in Venture Investments		**$ 404,000**	**$ 1,129,000**

Investments, in all classes of ventures, for 2005 totalled $2,806,014 (2004: $3,919,361) with associated provisions made of $2,402,014 (2004: $2,790,361). Impaired loans in 2005 total $432,350 (2004: $532,350); the associated provision for loss is $432,350 (2004: $532,350).

Net recovery to income in 2005, in respect to loan impairment, was $123,347 (2004 net charge to income: $205,000). In 2005, there were no recoveries on loans written off (2004: nil).

7. Venture Investments (continued)

Preferred Shares and Dividends

Investments in preferred shares carry the right of conversion to common shares. This right, if exercised, may result in the holding of a controlling interest under certain circumstances. The Corporation does not exercise significant influence on its venture investments.

Preferred shares are redeemable at the option of the Corporation, and earn dividends at variable rates. Dividends have been waived for the first three years for certain of the investments. Investment yields vary from year to year due to the amount and timing of dividend and interest income received; venture investments earned $73,495 in 2005 (2004: $173,703).

Write-off and Forgiveness

Under the provisions of the *Financial Administration Act*, an account can only be approved for write-off by either the Legislative Assembly (over $20,000) or the FMB ($20,000 or less) or for forgiveness by either the Legislative Assembly (over $1,000) or the FMB ($1,000 or less). Once an account has been forgiven, no further collection action is possible.

In 2005,two accounts totalling $165,000 were written off by by the Legislative Assembly and one account totalling $100,000 was forgiven by the Legislative Assembly (2004: nil). No accounts were written off or forgiven by the FMB in 2005 (2004:nil).

8. Property and Equipment

	Cost	Accumulated Amortization	**2005 Net Book Value**	2004 Net Book Value
Land	$ 20,247	$ -	$ 20,247	$ 20,247
Buildings	4,610,595	4,366,372	244,223	678,053
Equipment	1,047,670	971,358	76,312	115,268
Leasehold improvements	101,571	101,571	-	3,419
Computer equipment	133,440	132,272	1,168	2,335
Vehicles	114,515	110,142	4,373	9,802
	$ 6,028,038	$ 5,681,715	**$ 346,323**	**$ 829,124**

Property and equipment are reviewed for impairment whenever events and changes in circumstances suggest that the carrying amount of an asset may not be recoverable. Effective April 1, 2004, the Corporation adopted the new CICA Handbook Section 3063, *Impairment of Long-Lived Assets*. An impairment is recognized when the carrying amount of an asset to be held and used exceeds the undiscounted projected future net cash flows expected from its use and disposal, and is measured as the amount by which the carrying amount of the asset exceeds its fair value.

The Corporation leased out a building and the lease payment is based on the lessee's net income. Since the lessee is not expected to have net income in the future, an amount of $377,376, representing the balance of the unamortized cost of the building, has been charged to income. This impairment charge has been recognized in the consolidated statement of operations under asset impairment charge.

9. Bank Indebtedness

Bank indebtedness represents bank overdrafts that carry an interest rate of prime plus 5.0%.

	2005	2004
Bank overdrafts	**4,981**	55,402

10. Consolidated Statement of Cash Flow - Summaries

(a) Changes in Non-cash Operating Working Capital

	2005	2004
Accounts receivable	$ 36,814	$ (30,598)
Inventory	221,829	53,102
Prepaid expenses and deposits	(12,030)	9,384
Accounts payable and accrued liabilities	(41,152)	169,487
	$ 205,461	**$ 201,375**

(b) Contribution From Government

	2005	2004
Capital funds	$ 360,000	$ 80,104
Venture funds	18,551	-
	$ 378,551	**$ 80,104**

11. Commitments

Lease Obligations

The Corporation is committed to operating leases for rental of office space and equipment at the future minimum payments as set out below:

	2005	2004
2005	-	125,733
2006	59,922	28,040
2007	30,674	-
	$ 90,596	**$ 153,773**

12. Related Party Transactions

The Corporation is related, in terms of common ownership, to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business at normal trade terms.

Transactions with related parties and balances at year end, not disclosed elsewhere in the financial statements, are as follows:

	2005	2004
Revenues		
Sales	$ 46,089	$ 63,834
Expenses		
Purchases	$ 585,408	$ 679,112
Balances at year end		
Accounts Receivable	$ 2,859	$ 13,321
Accounts Payable	$ 2,886	$ 152,888

Furthermore, the Corporation receives audit services without charge from the Office of the Audtor General of Canada.

13. Financial Instruments

The Corporation's financial instruments, as referenced in the financial statements, consist of cash and cash equivalents, reserve funds, investments, accounts receivable, accounts payable and accrued liabilities, and bank indebtedness. These financial instruments may be exposed to significant interest rate and credit risks. The financial statements and accompanying notes contain, according to management's best efforts, the relevant information necessary for a reasonable assessment of these risks. The fair value of these financial instruments, where determinable, approximate their carrying amounts unless otherwise noted.

14. Subsequent Event

In July 2005, the conversion of a loan receivable to preferred shares, in regards to Wekweti Development Corporation, was completed.

In March 2005, Tli-Cho Co-operatives Ltd. declared bankruptcy. It is expected that the bankruptcy proceedings will be completed in 2006. The associated venture investment made by the Corporation has been fully provided for.

15. Selling and Administrative Expenses

	2005	2004
Salaries and wages	$ 1,916,835	$ 1,714,796
Advertising and promotion	183,341	139,117
Travel	172,405	137,012
Office and general	146,122	157,678
Utilities	183,722	228,408
Rent	121,554	144,955
Board members	112,827	108,316
Professional fees	83,273	97,222
Telephone	49,619	43,627
Bank charges and interest	19,038	39,304
Workshops	8,514	9,033
Bad debts (recovery)	(4,260)	(12,637)
	$ 2,992,990	**$ 2,806,831**

16. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

17. Northwest Territories Business Development and Investment Corporation

On April 1, 2005, the *Northwest Territories Business Development and Investment Act* came into effect and created the Northwest Territories Business Development and Investment Corporation. This new corporation is the successor of the Corporation that was dissolved effective that date. All rights, titles, interests, agreements, obligations, liabilities and programs of the Corporation were transferred to the new corporation.

18. Segmented Information

	Acho-Dene Crafts	Aklavik & Tuk Furs	Arctic Canada Trading Co.	Dene Fur Clouds	Ft. McPherson Tents	Nahanni-Butte General	Rae Lakes General	**2005 Total**
Revenues	$ 153,626	$ -	$ 286,425	$ 99,262	$ 447,087	$ 298,688	$ 1,081,321	**$ 2,366,409**
Net loss before subsidy	$ (113,713)	$ (26,064)	$ (281,966)	$ (268,694)	$ (40,720)	$ (164,816)	$ (26,239)	**$ (922,212)**
Subsidy	$ 150,000	$ -	$ 64,071	$ 250,000	$ 90,000	$ 115,000	$ -	**$ 669,071**
Profit (loss) after subsidy	$ 36,287	$ (26,064)	$ (217,895)	$ (18,694)	$ 49,280	$ (49,816)	$ (26,239)	**$ (253,141)**
Deficit March 31,2004	$ (760,776)	$ (971,100)	$ (495,712)	$ (428,776)	$ (1,148,967)	$ (983,615)	$ (137,379)	**$ (4,926,325)**
Deficit March 31,2005	$ (724,489)	$ (1,000,633)	$ (713,607)	$ (447,470)	$ (1,099,687)	$ (1,001,361)	$ (180,508)	**$ (5,167,755)**

Inter-segment sales are accounted for at prices comparable to open market prices for similar products and services.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Department of Education, Culture and Employment

Student Loan Revolving Fund

FINANCIAL STATEMENTS

for the year ended March 31, 2005

(unaudited)

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Government of the Northwest Territories

Student Loan Revolving Fund
for the year ended March 31, 2005

Statement of Operations

	2005 $000s	2004 $000s
Loans Receivable, opening balance	28,078	26,256
Loans granted during the year	5,581	5,761
Prior year adjustment - opening balance	-	-
	33,659	32,017
Less		
Principal amount of loans repaid	3,109	2,319
Principal amount of loans written off	43	-
Principal amount of loan remissions	1,080	1,620
Loans Receivable, closing balance	29,427	28,078
Less		
Estimated provision for remission and doubtful accounts	20,268	18,579
Net Loans Receivable, closing balance	9,159	9,499

Effect of Student Loan Revolving Fund On Government Operations

	2005	2004
Interest earned and credited to general revenues	430	452
Less		
Financial collection agency fees	24	15
Estimated provision for remission and doubtful accounts	3,400	3,399
Operating deficiency for the year	(2,994)	(2,962)

1. During the fiscal year the allowance for remission and write-offs accounts was increased by $3,400,000 (2003/04 - $3,999,000). These allowances represent estimated accrued expenses charged against the Consolidated Revenue Fund. These expenses represent loans that are unlikely to be collected, or loans which qualify for remission.

2. During the fiscal year, $43,070 loans were written off due to uncollectability (2003/04 - $0), $1,079,802 were granted remissions.

3. No cost for administration of the Student Loan Fund are included.

Approved:

Deputy Minister
Department of Education, Culture and Employment

Director, Management Services
Department of Education, Culture and Employment

GOVERNMENT OF THE NORTHWEST TERRITORIES

Department of Resources, Wildlife and Economic Development

Fur Marketing Service Revolving Fund

Financial statements

for the year ended March 31, 2005

(unaudited)

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Fur Marketing Service Revolving Fund

Purpose: To provide working capital for the operation of a fur advance system. Trappers receive interest free advances on fur sent to southern auction houses. More than 1,000 trappers take advantage of this program.

	($)	(thousands of dollars)		
	2004/2005 Actuals	2004/2005 Revised Estimates	2004/2005 Main Estimates	2003/2004 Actuals
Authorized Limit	**900,000**	**900**	**900**	**900**
Operating Results				
Opening Accounts Receivable	275,578	275	381	18
Advances to Trappers	772,221	593	355	977
Receipts of Fur Account Loans	-797,229	-230	-290	-720
Closing Accounts Receivable (Note 1 & 2)	**250,570**	**638**	**446**	**275**

Notes:

1) Some fur remains unsold at auction for extended periods. The spring sale proceeds which are received after fiscal year end pay off most of the remaining advances from the season's trapping.

2) In the past, direct recovery from individual trappers was necessary if the fur sold for less than the advance amount. In 2003-2004 the Department revised the fur program so that prices are guaranteed to the trapper. The trapper will still receive any excess receipts over the advance, but is no longer responsible for any deficit on the sale. This change is reflected in the 2003-2004 Revised Main Estimates.

Prepared by: Campbell Date: 10/8/05

Approved by: Date: 10/8/05

GOVERNMENT OF THE NORTHWEST TERRITORIES

Department of Public Works and Services

Public Stores Revolving Fund Inventories

Financial Statements

for the year ended March 31, 2005

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Schedule of Public Stores Revolving Fund Inventories
for the year ended March 31, 2005

Public Stores	Balance March 31, 2004	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 2005
Yellowknife	$ 113,526	$ 348,094	$ (324,659)	$ -	$ -	$ 136,961

Prepared By:____Bev Bourque____________________
Manager, Finance and Administration
North Slave Office

Approved By:__ Chuck Gibson
Manager, Finance Services
Corporate Services

8/19/2005

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NORTHWEST TERRITORIES OPPORTUNITIES FUND

FINANCIAL STATEMENTS
(unaudited)

for the year ended March 31, 2005

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NORTHWEST TERRITORIES OPPORTUNITIES FUND

(unaudited)

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March 31, 2005 **Page**

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Management's Responsibility for Financial Reporting

To the Honourable Brendan Bell
Minister responsible for the
Northwest Territories Opportunities Fund

The accompanying financial statements have been prepared by Management in accordance with Canadian generally accepted accounting principles. Management is responsible for the integrity and objectivity of the data in these financial statements and, where appropriate, the statements include estimates and judgments based on careful consideration of the information available to management.

Management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled and that transactions are in accordance with the relevant authorities and the policies set out by directors. The Fund's management recognizes its responsibility for conducting the Fund's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate for a Territorial government controlled Fund.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing her opinion on the financial statements of the Fund. She also considers whether the transactions that come to her notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

Chairman

Secretary-Treasurer

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NORTHWEST TERRITORIES OPPORTUNITIES FUND

BALANCE SHEET
(unaudited)

AS AT MARCH 31, 2005

		2005		2004
ASSETS				
CURRENT				
Cash and cash equivalents (Note 3)	$	29,985,458	$	1,932,766
Accrued interest		23,439		7,452
		30,008,897		1,940,218
LONG-TERM DEBT ISSUE DEFERRED CHARGES (Note 4)		1,924,079		136,154
	$	31,932,976	$	2,076,372
LIABILITIES				
CURRENT				
Current portion of long-term debt	$	88,215	$	-
LONG-TERM DEBT (Note 5)		31,752,844		2,075,183
EQUITY				
EQUITY		91,917		1,189
	$	31,932,976	$	2,076,372

APPROVED BY THE BOARD:

Chairman of the Board

Director

The accompanying notes are an integral part of the financial statements.

NORTHWEST TERRITORIES OPPORTUNITIES FUND

STATEMENT OF OPERATIONS AND EQUITY

(unaudited)

FOR THE YEAR ENDED MARCH 31, 2005

(With comparative amounts for the ten-month period ended March 31, 2004)

	For the year ended March 31, 2005	For the ten-month period ended March 31, 2004
REVENUE		
Interest	$ 343,683	$ 8,875
EXPENSES		
Amortization of deferred charges	203,337	6,248
Bank charges and investment fees	49,618	1,438
	252,955	7,686
EXCESS OF REVENUE OVER EXPENSES	90,728	1,189
EQUITY AT BEGINNING OF THE PERIOD	1,189	-
EQUITY AT THE END OF THE PERIOD	$ 91,917	$ 1,189

The accompanying notes are an integral part of the financial statements.

NORTHWEST TERRITORIES OPPORTUNITIES FUND

STATEMENT OF CASH FLOWS
(unaudited)

FOR THE YEAR ENDED MARCH 31, 2005
(With comparative amounts for the ten-month period ended March 31, 2004)

	For the year ended March 31, 2005	For the ten-month period ended March 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest income received	$ 327,696	$ -
Bank charges and investment fees paid	(49,618)	(15)
	278,078	(15)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings, net of the commissions	27,774,614	1,932,781
INCREASE IN CASH AND CASH EQUIVALENTS	28,052,692	1,932,766
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,932,766	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 29,985,458	$ 1,932,766

The accompanying notes are an integral part of the financial statements.

NORTHWEST TERRITORIES OPPORTUNITIES FUND

NOTES TO THE FINANCIAL STATEMENTS
(unaudited)

FOR THE YEAR ENDED MARCH 31, 2005
(With comparative amounts for the ten-month period ended March 31, 2004)

1 Authority and Operations

The Fund is a society incorporated under the *Northwest Territories Societies Act* and operates under a board of directors appointed by the Minister of Resources Wildlife and Economic Development of the Government of the Northwest Territories (starting on April 1, 2005 responsibilities were transferred to the Minister of Industry, Tourism & Investment) to manage money received under the Immigrant Investor Program. The objectives of the Fund are to promote investment, economic development and job creation in the Northwest Territories. The Fund is not taxable under section 149(1)l of the *Income Tax Act* (Canada).

The Government of the Northwest Territories has the ownership interest of the residual value of the Fund.

2 Significant Accounting Policies

The financial statements of the Fund have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies followed by the Fund in the preparation of these financial statements are summarized below.

Long-term debt issue deferred charges

Long-term debt issue deferred charges are amortized using the straight line method over the 5 year term of the related debt.

Revenue

Interest revenue is accrued as earned.

Services Provided Without Charge

The Fund does not record the value of the administration services provided by the Government of the Northwest Territories without charge. The value of these services are disclosed in Note 7.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the amounts recorded in the financial statements. Actual results could differ from these estimates.

3 Cash and Cash Equivalents

The Fund's cash balances are pooled with the Government of the Northwest Territories surplus cash and are invested in a diversified portfolio of high-grade short term income producing assets. The cash can be withdrawn from the bank accounts at any time and is not restricted by maturity dates on investments made by the Government. The Department of Finance approved the eligible classes of securities, categories of issuers, limits and terms. All instruments, depending on their investment class, are rated R-1 Low or better by the Dominion Bond Rating Service Ltd. The Fund's average annual yield for the period ending March 31, 2005 was 2.34% (2004 - 2.11%).

4 Long-Term Debt Issue Deferred Charges

	2005	2004
Long-term debt issue deferred charges, at amortized cost	$ 1,924,079	$ 136,154

Long-term debt issue deferred charges consist of a 7% commission paid on allocations from the Federal Government under the Immigrant Investor program. Expenses are amortized on a straight line method over the 5 year term of loans under the program.

5 Long-Term Debt

	2005	2004
Immigrant investor loans, 0% interest, repayable in a single payment at the end of 5 years. Maturing October 2008 to February 2010, secured by a guarantee from the Government of the Northwest Territories.	$ 31,841,059	$ 2,075,183
Less current portion	88,215	-
	$ 31,752,844	$ 2,075,183

Under Section 92 of the Immigration and Refugee Protection Regulations the investment is due on demand until a permanent resident visa is issued at which time the investment is not refundable to the end of the 5 year investment period.

Estimated long-term debt principal repayments to be made in the next 5 years are as follows:

2006	$ 88,215
2009	2,071,362
2010	29,681,482
	$ 31,841,059

The 2006 repayments are the Northwest Territories Opportunities Fund's share of funds returned to immigrants for which visas were not issued.

5 Long-Term Debt (continued)

The fair value of long-term debt items is determined using the present value of future cash flows under current debt agreements based on market interest rates for loans with similar conditions and maturities.

The carrying value and fair value of the long-term debt are as follows:

	2005	2004
Carrying Value	$ 31,841,059	$ 2,075,183
Fair Value	$ 26,936,197	$ 1,676,604

In cases where a visa is not issued, an investor is entitled to a refund. As at March 31, 2005, a visa had not been issued to investors for corresponding loans totaling $307,588. All loans are carried as long-term until maturity unless a request has been received for repayment where no visa was issued.

6 Financial Instruments

The Fund's financial instruments include cash and cash equivalents and interest receivable. Their fair values approximate their carrying values.

7 Related Party Transactions

The Fund does not record the value of the accounting and administrative services it receives without charge from the Department of Resources, Wildlife and Economic Development and other entities. For the period ended March 31, 2005, the estimated cost of the services received free of charge amount to $22,950 (2004 - $16,274).

Investment fees charged by the Government of the Northwest Territories in the amount of $49,583 (2004 - $1,423) have been included in the expenses.

PUBLIC ACCOUNTS

NORTHWEST TERRITORIES 2004 - 2005

Section IV Government Indicators

Northwest
Territories

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 2005

SECTION IV

GOVERNMENT INDICATORS

(Unaudited)

HONOURABLE FLOYD K. ROLAND

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INTRODUCTION

The Public Accounts of a government report on the fiscal year's revenues and expenses and how they relate to the overall financial position of the Government. The Statement of Financial Position contains the assets, liabilities, total surplus or deficit and the net debt position or net financial resource position of a government. The information relating to assets or liabilities of the Government is specific to a point in time, whereas information relating to revenues and expenses encompasses the results of a fiscal year. It is important to note that the financial condition of a government is often quite different from the financial condition of the economy.

A research study conducted by the Canadian Institute of Chartered Accountants states:

The financial health of a government is it's financial health as measured by sustainability, vulnerability and flexibility, looked at in the context of the overall economic and financial environment. These terms are defined as follows:

- *Sustainability: the degree to which a government can maintain existing programs and meet existing creditor requirements without increasing the debt burden on the economy.*
- *Flexibility: the degree to which a government can increase its financial resources to respond to rising commitments, by either expanding its revenues, or increasing its debt burden.*
- *Vulnerability: the degree to which a government becomes dependent on, and therefore vulnerable to, sources of funding outside its control or influence, both domestic and international.*

The information provided in the following pages is intended to assist readers of the Public Accounts in their assessment of the Government's financial health.

Gross Domestic Product

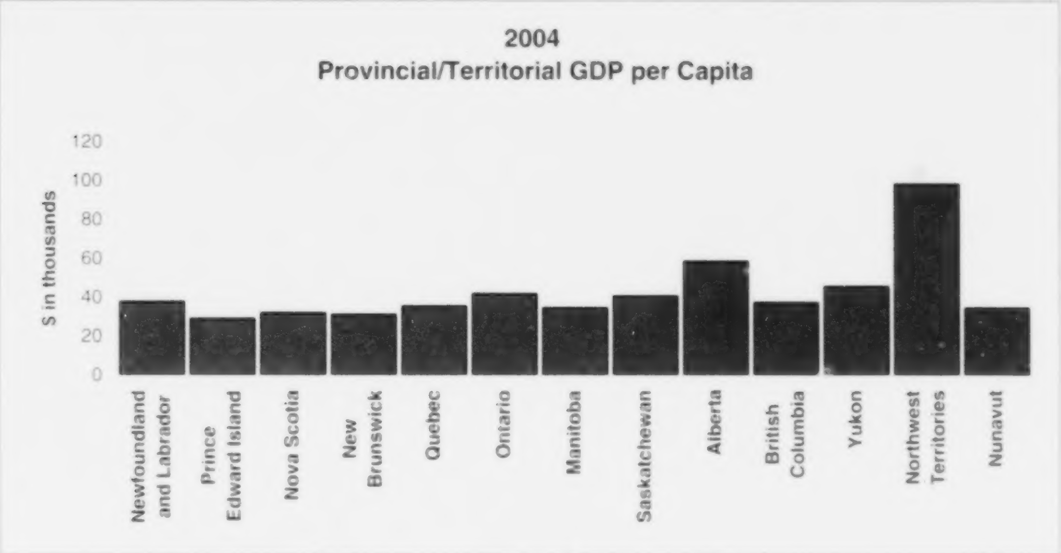
Gross Domestic Product (GDP) represents the total unduplicated value of goods and services produced within the geographical boundaries of a country, or province or territory, irrespective of whether the factors of production involved are resident or non-resident. GDP is typically measured in two ways: as total incomes earned in current production (income-based); and, as total final sales of current production (expenditure-based). Both methods yield the same estimate of GDP. Estimates of GDP are typically expressed at market prices, which includes the impact of taxes and subsidies in the estimate.

For the Northwest Territories (NWT), Statistics Canada estimates current dollar GDP at market prices at $4,208 million for 2004; this represents an increase of 16.0% over the 2003 estimate of $3,629 million. A final estimate of 2004 GDP for the NWT, and the other provinces and territories, is scheduled for release in October 2005; preliminary estimates of 2005 GDP will be released in April 2006.

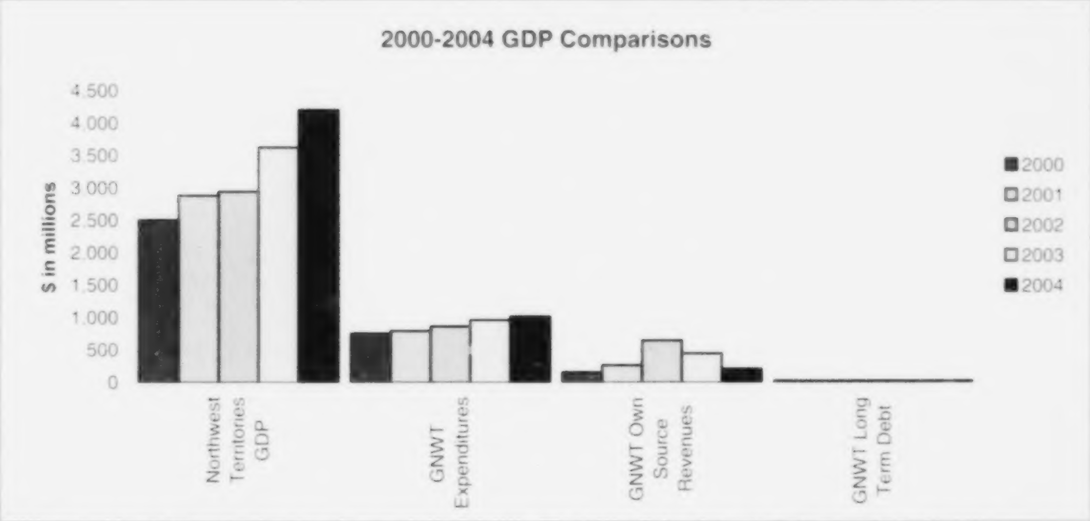
Gross Domestic Product at Market Prices, 2003 and 2004
Canada, Provinces and Territories
Current Dollars ($millions)

	2004	2003	Percent Change
Canada	1,293,289	1,218,772	6.1
Northwest Territories	4,208	3,629	16.0
Nunavut	1023	951	7.6
Yukon	1,424	1,327	7.3
British Columbia	156,481	145,500	7.5
Alberta	187,430	170,803	9.7
Saskatchewan	40,456	36,544	10.7
Manitoba	40,265	37,992	6.0
Ontario	517,614	494,501	4.7
Quebec	267,032	253,657	5.3
New Brunswick	23,369	22,452	4.1
Nova Scotia	30,036	28,912	3.9
Prince Edward Island	4,000	3,858	3.7
Newfoundland and Labrador	19,563	18,268	7.1

GROSS DOMESTIC PRODUCT (continued)

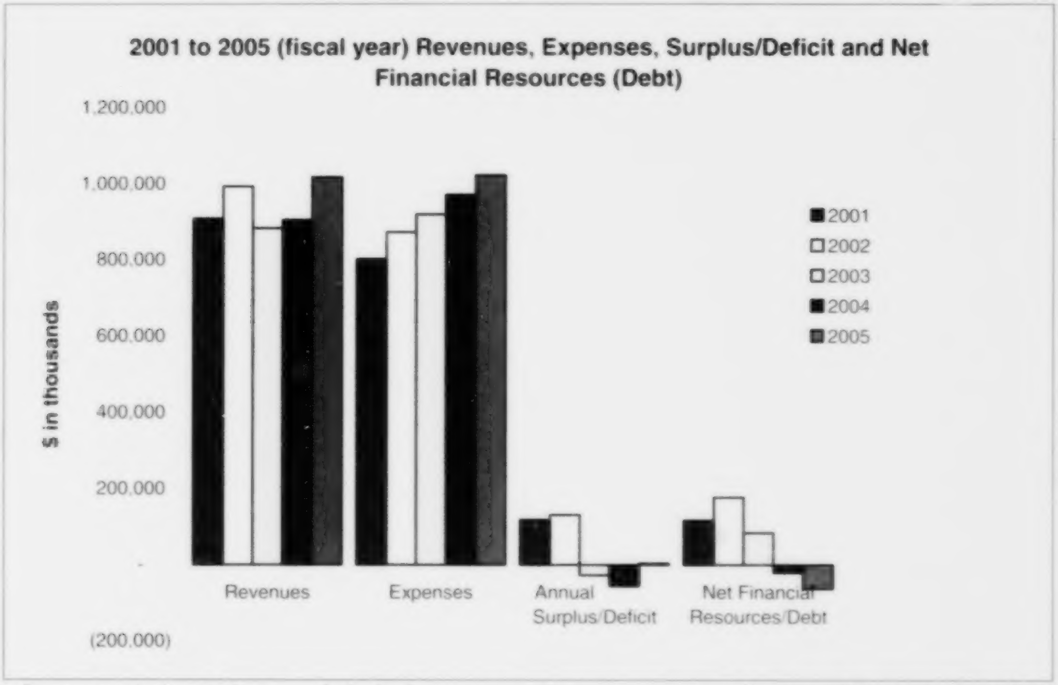


Based on population estimates of Statistics Canada as on July 1, 2004



*Northwest Territories GDP is based on a calendar year, while the balance of the information is based on amounts from March 31 fiscal year-ends.

REVENUE, EXPENSES, SURPLUS AND NET FINANCIAL RESOURCES



* Revenues depicted above exclude both recovery of prior years expenditures and revenue from the Northwest Territories Power Corporation.

The Government remains in a net debt position which translates into there being more outstanding liabilities than financial resources (assets) at the fiscal year end. This is graphically depicted in the following pages. Over the last four years the Government's net financial resources have been drawn down from a high of $176 million to a net debt position of $62 million, a decline of over $238 million. As discussed on page 6, some of the factors that contributed to this draw down are of a one-time nature, however should net debt continue to increase then a corresponding concern will be the $300 million borrowing limit set by Canada. In order that the Government's financial position remains sustainable, at least in the short-term, the Government must operate within these confines and yet ensure that it retains some flexibility to adapt and meet future needs.

REVENUE, EXPENSES, SURPLUS AND NET FINANCIAL RESOURCES (continued)

The table below illustrates, both as dollars and as a percentage, the increase in revenue and expenses over the last four fiscal years.

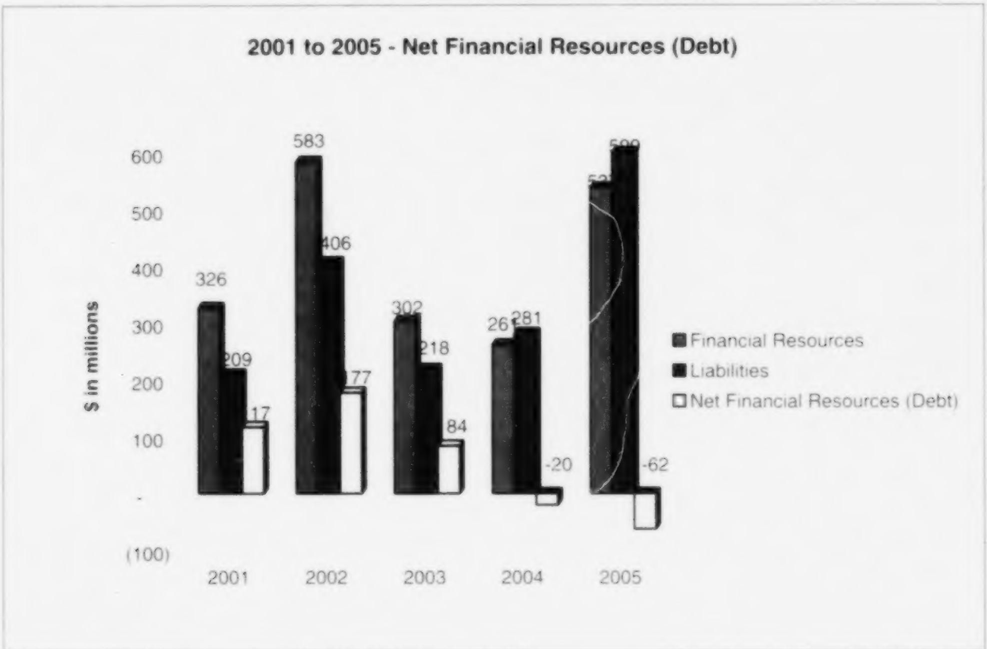
	2001 to 2002		2002 to 2003		2003 to 2004		2004 to 2005	
	$ Change (in thousands)	Percent Change	$ Change (in thousands)	Percent Change	$ Change (in thousands)	Percent Change	$ Change (in thousands)	Percent Change
Revenues	85,062	9.4%	(109,916)	(11%)	21,693	2.5%	115,894	12.8%
Expenses	70,800	8.8%	47,397	5.4%	50,870	5.5%	52,032	5.4%

While an increase (or decrease) maybe be significant, it is important to relate that change to the rate of change in other components. Examples of things to watch are: (1) expenses increasing at a faster rate than revenues, (2) an increase in net debt to maintain or improve services or (3) a fluctuation related to a one-time event or an event that may not re-occur in the future. Assessing the likelihood of any change in the level of revenues or expenses continuing into the future is an important factor to consider. This information can only be reviewed on a meaningful level when consideration is given to what is the driving factor such as inflation, new initiatives or other factors. These changes are important when assessing the long-term sustainability of the present level of services.

The trend over the last few years shows a steady increase in expenses of approximately 5% while revenues have fluctuated up and down with no apparent trend being discernable. One of the factors that contributes to revenues being more unpredictable than expenses in any given year is the large variation in corporate income tax collections starting in 2001-02. These variations were only partly offset by changes to the Grant from Canada. To further complicate the situation a portion of some variation in corporate income tax collections did not result in an adjustment to the Grant until the following fiscal year. In 2004-05 and 2005-06, the Grant became a fixed amount with a fixed percentage increase each year. Changes to overall government revenue will still remain difficult to predict even with a fixed Grant amount and a known annual increase as our own source of revenues (which comprise 21.8% of overall revenues) are subject to variation.

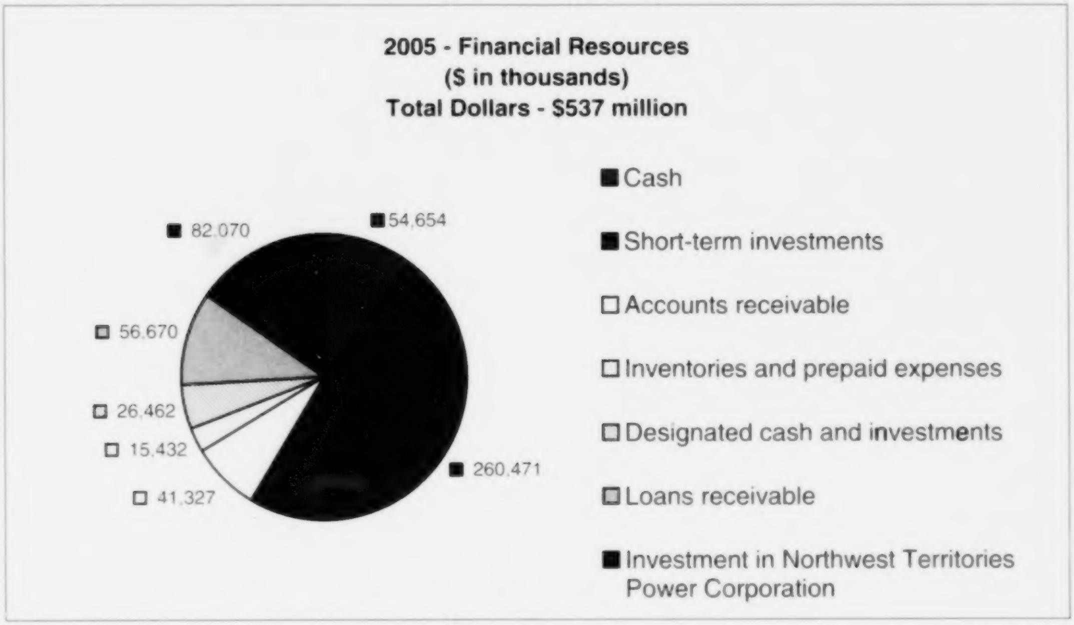
NET FINANCIAL RESOURCES (DEBT)

Net financial resources are the financial resources remaining after being reduced by all liabilities of the government; net debt results when there is an excess of liabilities over financial resources (as detailed on the next page). The graph below depicts the Government's net financial resource (debt) position at the end of each of the last five fiscal years.

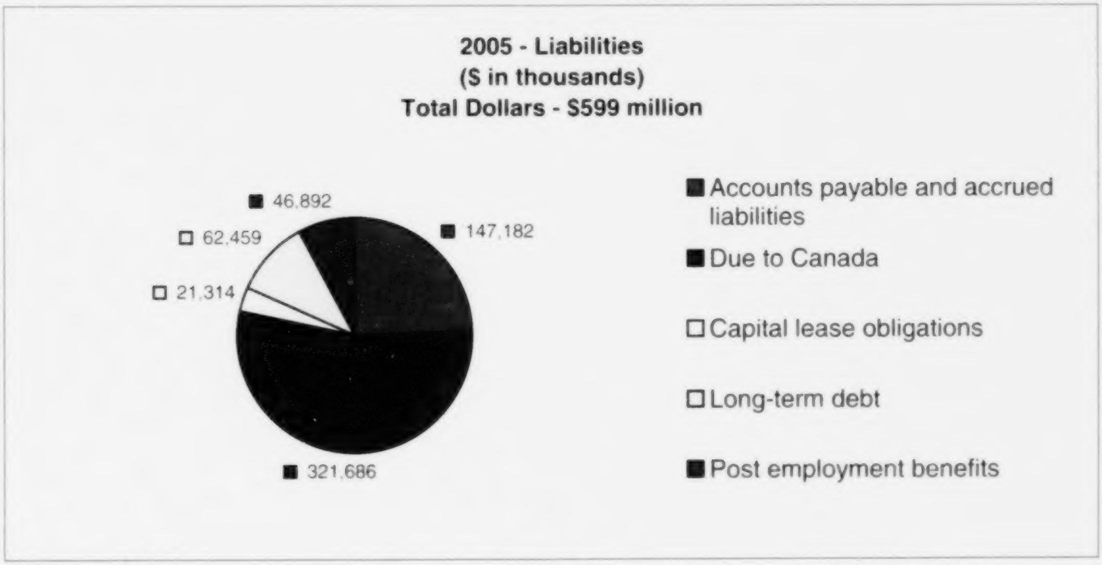


Net financial resources (debt) is a good indicator of a government's ability to meet its existing financial obligations. A significant shift in the level of net financial resources versus liabilities has occurred over the last few years resulting in the Government moving to a net debt position. The fluctuation is exaggerated by unusual events that occurred in 2002 which increased our net resources beyond their average boundaries. The increase was the result of a significant increase to cash on hand due to a prepayment of the Grant by Canada and an overpayment of corporate income taxes which Canada collects for us. While our 2002 liabilities were also increased by the requirement to repay funds advanced on the Grant, the net effect was to temporarily inflate our net financial resources. In 2003 we saw the opposite effect, as these windfall items did not reoccur. Now in 2004 we continue to see the effect as Canada adjusts downward its calculation of the corporate taxes due to us to take into account the effect of the tax windfall. As mentioned previously, the Grant, at least for the short-term, is now a fixed amount and this may stabilize the ratio of resources to liabilities somewhat. Discussions with Canada with regards to revenue sharing may result in additional financial resources. However, in the interim, we may have to fund tangible capital assets with debt and this will impact our net financial position as discussed in the following pages. With so many variables in the calculation of our net financial position a prediction of an increase in our net debt cannot be made without in depth research. Net financial resources (debt) will always be affected by any dramatic changes in revenues or expenses. Long-term, net debt will increase if revenues do not keep pace or exceed the cost of government operations.

FINANCIAL POSITION



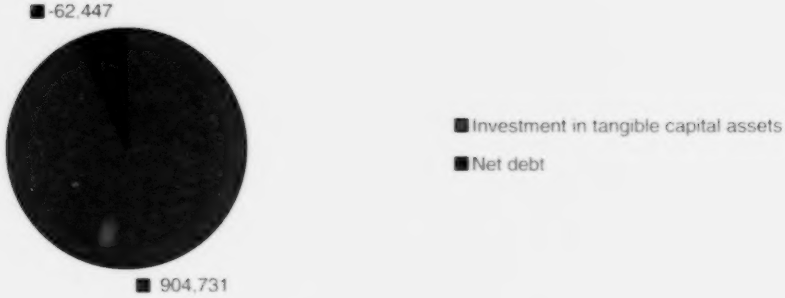
2005 - Financial Resources
($ in thousands)
Total Dollars - $537 million



2005 - Liabilities
($ in thousands)
Total Dollars - $599 million

The above graphs illustrate the various compositions of the Government's financial resources and liabilities.

FINANCIAL POSITION (continued)

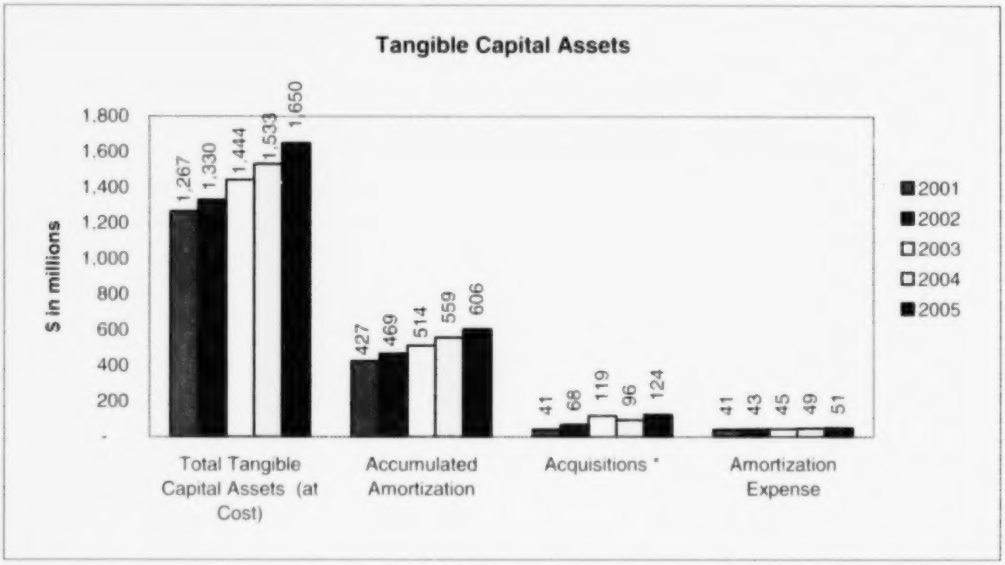

2005 - Accumulated Surplus
($ in thousands)
Total Dollars - $842 million

Up until the end of the 2004 fiscal year the Government was in a net financial resource position; this positive amount was added to the Government's investment in tangible capital assets to produce the accumulated surplus to date. However, now that the Government has moved to a net debt position this amount is removed from the Government's investment in tangible capital assets to show the remainder as accumulated surplus to date. The Government would only move to an accumulated deficit if the net debt position of the Government grew over time to the point where it exceeded the total investment in tangible capital assets. An important measure of the flexibility of a government is when there are surplus financial assets available to meet current and future obligations, as well as absorb any budgeted annual deficit. A net debt or net financial resource position is not a direct reflection of cash available but more an indication of sources where cash will or will not be available from to meet current and future obligations.

TANGIBLE CAPITAL ASSETS

Tangible capital assets include assets purchased directly by the Government and assets that were fully or partially contributed to the Government of the Northwest Territories by Canada or other parties.

The Government of the Northwest Territories records Tangible Capital Assets as non-financial assets on its Statement of Financial Position within the Public Accounts. Under this policy the existing assets are capitalized and then expensed as amortization in the financial statements of the Government based on their average useful life.

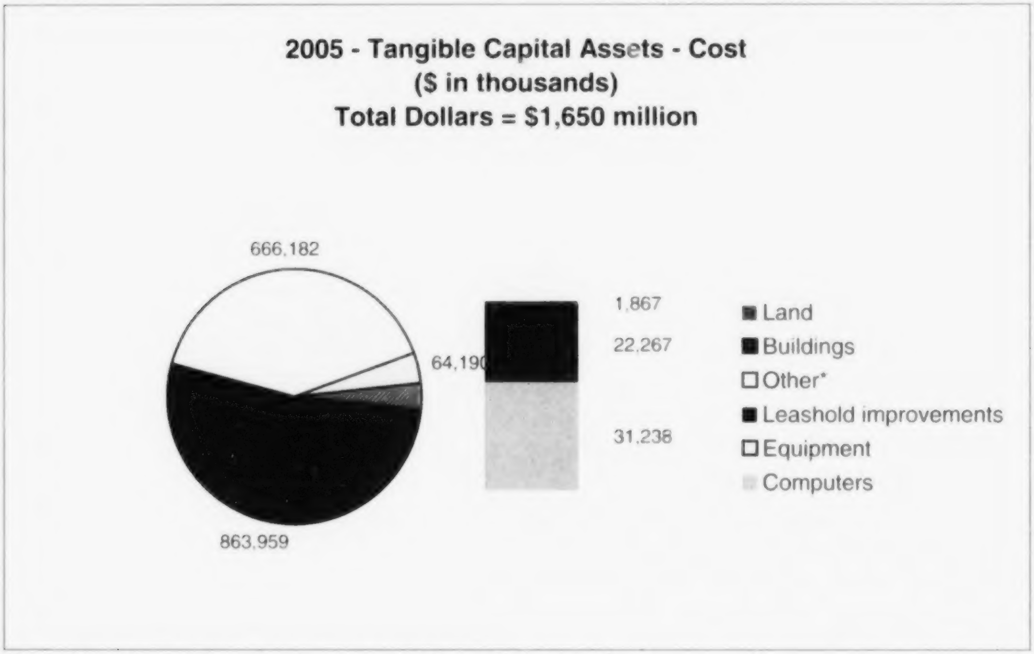


* Acquisitions do not include investments in assets that were not completed as at March 31 of any year. Such assets are recognized when completed and placed into service.

The Government must plan its capital expenditures to ensure that the existing assets are replaced and/or expanded in a timely manner and in conjunction with the Government's direction and priorities.

TANGIBLE CAPITAL ASSETS (continued)

The Government should continue to invest in the replacement of Tangible Capital Assets at a rate that, over time, approximates the rate at which assets are being consumed. Capital asset investment planning must address two essential points: (1) maintaining existing assets and (2) providing for growth.



*Includes roads, bridges, airstrips, aprons and water/sewer works

The Government of the Northwest Territories is currently investing in Tangible Capital Assets at a level that represents between 50% and 60% of the estimated investment needed for replacement and growth.

The Northwest Territories requires a significant investment in infrastructure. To ensure on-going fiscal sustainability, but still allow for necessary investments to address high priority infrastructure needs, the Government introduced the Fiscal Responsibility Policy effective April 1, 2005.

The Policy establishes an ongoing approach to finance the Government's infrastructure investments. The Policy requires that, at a minimum, 50 percent of its annual infrastructure investment will be financed by the cash generated from operations. A maximum of 50 percent of the annual infrastructure investment will be financed by debt. This will require the Government to plan for, budget and realize sufficient cash operating surpluses on an ongoing basis to finance 50 per cent of capital investments as well as make the debt servicing payments on the amounts borrowed.

TANGIBLE CAPITAL ASSETS (continued)

The Policy will require the Government to be accountable for its level of borrowing. To do this, performance criteria for debt management have been established to ensure the total debt of the Government does not exceed the capacity of the Government to repay the debt as it becomes due. These include:

i) Ratio: Government Debt to Revenue

This ratio is an indicator of the increase in debt in proportion to the increase in revenue, where *decreasing* ratios are a positive indicator that the rate of increase in revenue is greater than the rate of increase in debt.

From year to year, the ratio of total Government debt, excluding guaranteed debt, compared to non-consolidated revenue, in relation to provinces *shall be in the lowest 4*.

ii) Ratio: Debt per Capita

This ratio is a measure of the debt burden, on a per person basis, where a *decreasing* ratio is a positive indicator of a decreasing debt burden.

From year to year, the total debt per capita ratio, compared to provinces *shall be in the lowest 5*.

iii) Debt Servicing Costs (interest), as a % of Revenue

This ratio is a measure of the extent that Government revenues are being applied to debt charges, rather than to programs and services, or tax reduction.

From year to year, debt servicing costs on Government debt, excluding amounts paid by Public Agencies, as a % of non-consolidated revenue, compared to other provinces and territories *shall be in the lowest 4*.

iv) Debt Servicing Payments, as a % of Revenue

This is a measure of the extent that Government revenues are being applied to debt charges and debt repayment, rather than on programs and services or to reducing taxes.

From year to year, payments on Government debt, excluding Public Agency debt service payments, as a % of non-consolidated revenue *shall not exceed 5% of revenue*.

TANGIBLE CAPITAL ASSETS (continued)

v) Debt Servicing Payments as a % of 3-year moving GDP average

This ratio is a measure of debt growth in relation to economic growth, where ideally economic growth exceeds the growth rate of public debt. A *decreasing* ratio reflects a consistent improvement in financial position.

Given the volatility of GDP in the Northwest Territories, a 3-year moving average GDP shall be used.

From year to year, debt-servicing payments, excluding Public Agency debt, as a % of the 3-year moving GDP average, compared to debt servicing payments of provinces *shall be in the lowest 4.*

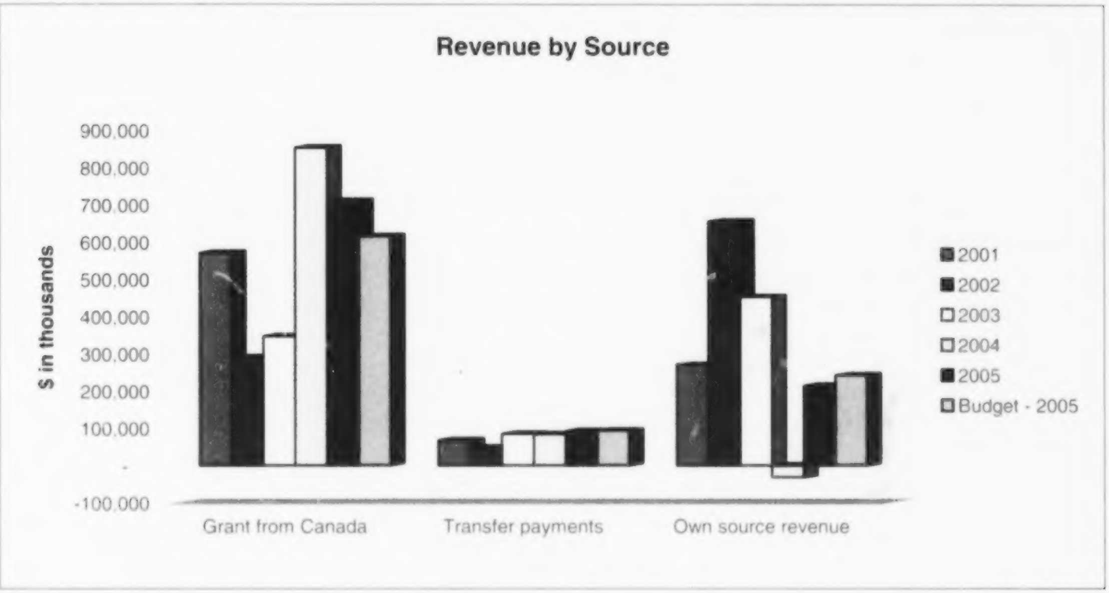
vi) Net Debt per Capita

Net debt is the excess of liabilities over financial assets.

From year to year, non-consolidated net debt per capita, compared to provinces *shall be in the lowest 5.*

The GNWT policy on borrowing and performance measurement criteria, for management of debt, will be reviewed and updated annually. Annual reports shall be tabled in the Legislative Assembly.

REVENUE BY SOURCE



In a normal year the Government of the Northwest Territories receives between 65 to 75 percent of its revenues from the Formula Financing Grant from Canada. Major own-source revenues, such as corporate and personal income tax, tobacco tax, fuel taxes, and payroll tax are approximately 25 to 30% of total revenues. Other transfers are approximately 7% of total revenues. Although the Northwest Territories has a vast reserve of non-renewable resources, it does not currently share in the revenue produced by those resources (royalties, etc). The intended result of tri-party negotiations between Canada, the Government of Northwest Territories and Northwest Territories Aboriginal Governments, is the sharing of those resource revenues.

Prior to 2004-05 the Grant from Canada was based on a formula designed to cover the difference between expenditure needs and the Government of the Northwest Territories' revenue-raising ability. Therefore, changes to the Government of Northwest Territories' own source revenue levels would change the Grant in the opposite direction. Since the revenue-raising ability measures what the Government could raise at eighty-five percent of national average tax rates in the base year and included an Economic Development Incentive, changes in own source revenue levels would not change the Grant by a corresponding amount.

The Territorial Formula Financing arrangement was designed to provide an incentive for the Government of the Northwest Territories to raise revenues. Therefore, an increase in tax rates that provides increased tax revenues would not affect the Grant. For example, if fuel taxes were raised one cent per litre from the base year rate, the fuel tax revenue for purposes of calculating the Grant would still be at the lower rate. Therefore, the Government of the Northwest Territories could keep the additional revenue generated by an increase to its tax rates, at least until the Territorial Financing Formula was next rebased.

REVENUE BY SOURCE (continued)

The Territorial Financing Formula expenditure base amount was escalated each year by the growth in provincial/local government spending and the ratio of population growth in NWT to the growth of the Canadian population. The data used to calculate these growth rates was not finalized until three years later for provincial/local government spending and five years later for population data. Therefore, adjustments to the Grant for a fiscal year could occur up to five years later. Since the escalation is cumulative, adjustments for prior years could have significant effects on total revenues. Corporate and personal income taxes estimates also take three years to finalize and required further adjustments to the Grant.

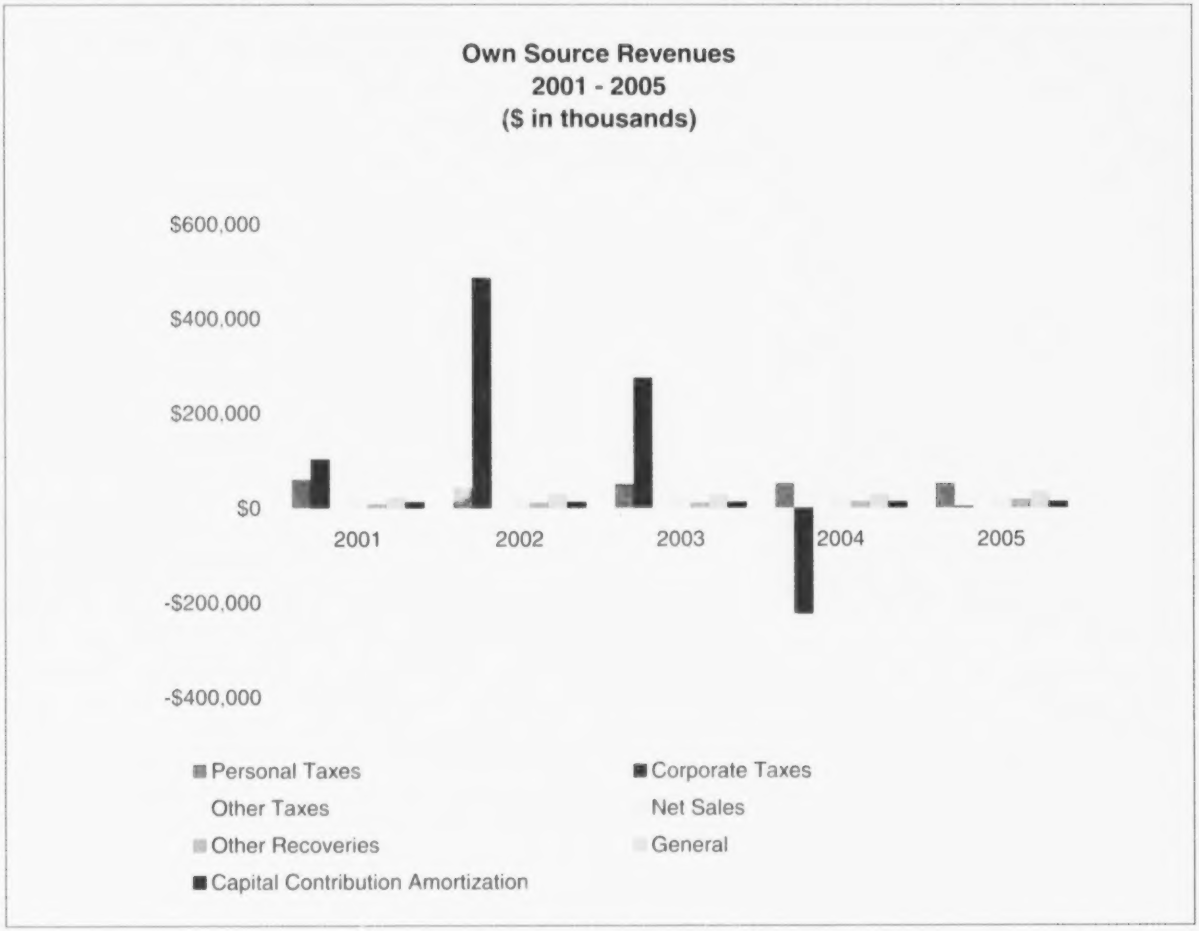
Territorial Formula Financing has been fixed in federal legislation for the years 2004-05 and 2005-06 and is currently being reviewed by a federal panel that is expected to make recommendations in the fall of 2005. Until the federal government reviews the panel's recommendations and announces how formula financing will work after 2005-06, the effect of changes to the Government's own source revenues on the Grant will not be known.

As indicated in the graph on the following page, Corporate Income Tax is a negative revenue for the 2003-04 fiscal year. This negative amount is the result of an overpayment of 2002 Corporate Income Tax to us by the federal government. The federal government bases estimates of Corporate Income Tax on the latest actual prior year tax revenue information available (for example, 2002 estimates were based on 2000 actual collections). The 2002 estimate of NWT Corporate Income Tax was based on a large one-time payment in 2000, and the resulting overpayment in 2002 more than offsets the estimated revenue from the 2003 Corporate Income Tax.

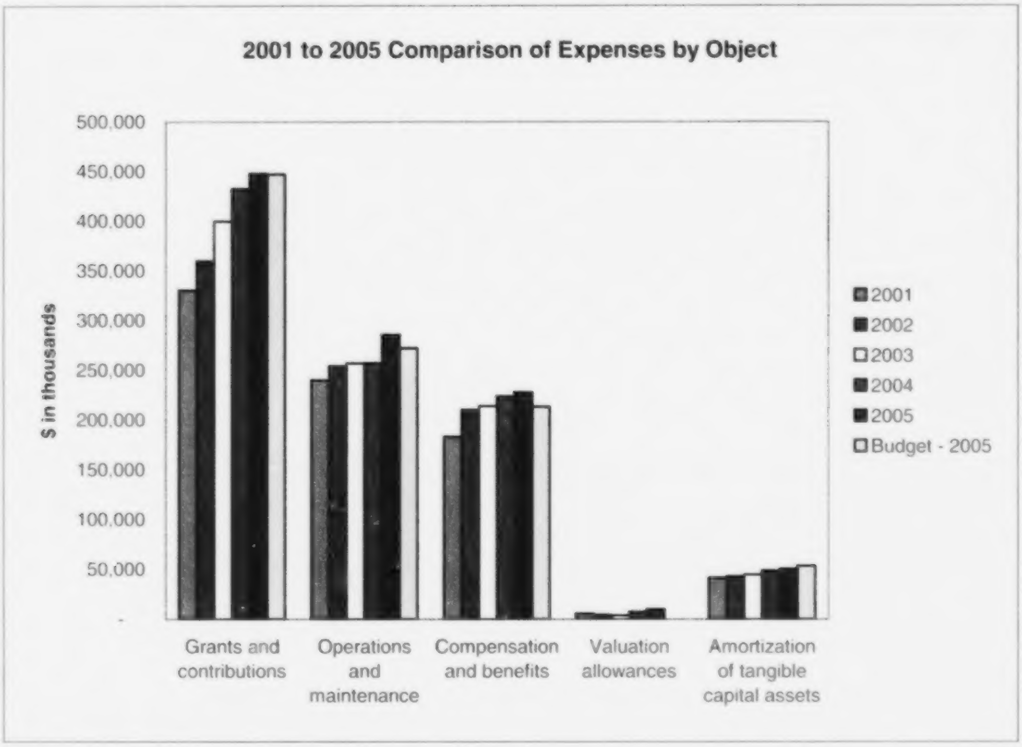
This overpayment of Corporate Income Tax is also the main reason for the increase in the 2003-04 Formula Financing Grant entitlement in comparison with the 2002-03 amount. The downward revision of Corporate Income Tax revenues caused an increase in the 2002-03 Grant. This increase is recorded in 2003-04 as an adjustment to the Grant revenue.

For 2004-05, the graph on the following page, shows revenues that relate more to those of the 2000-01 year when the Corporate tax calculation reflected a more average year.

REVENUE BY SOURCE (continued)



EXPENSES BY OBJECT

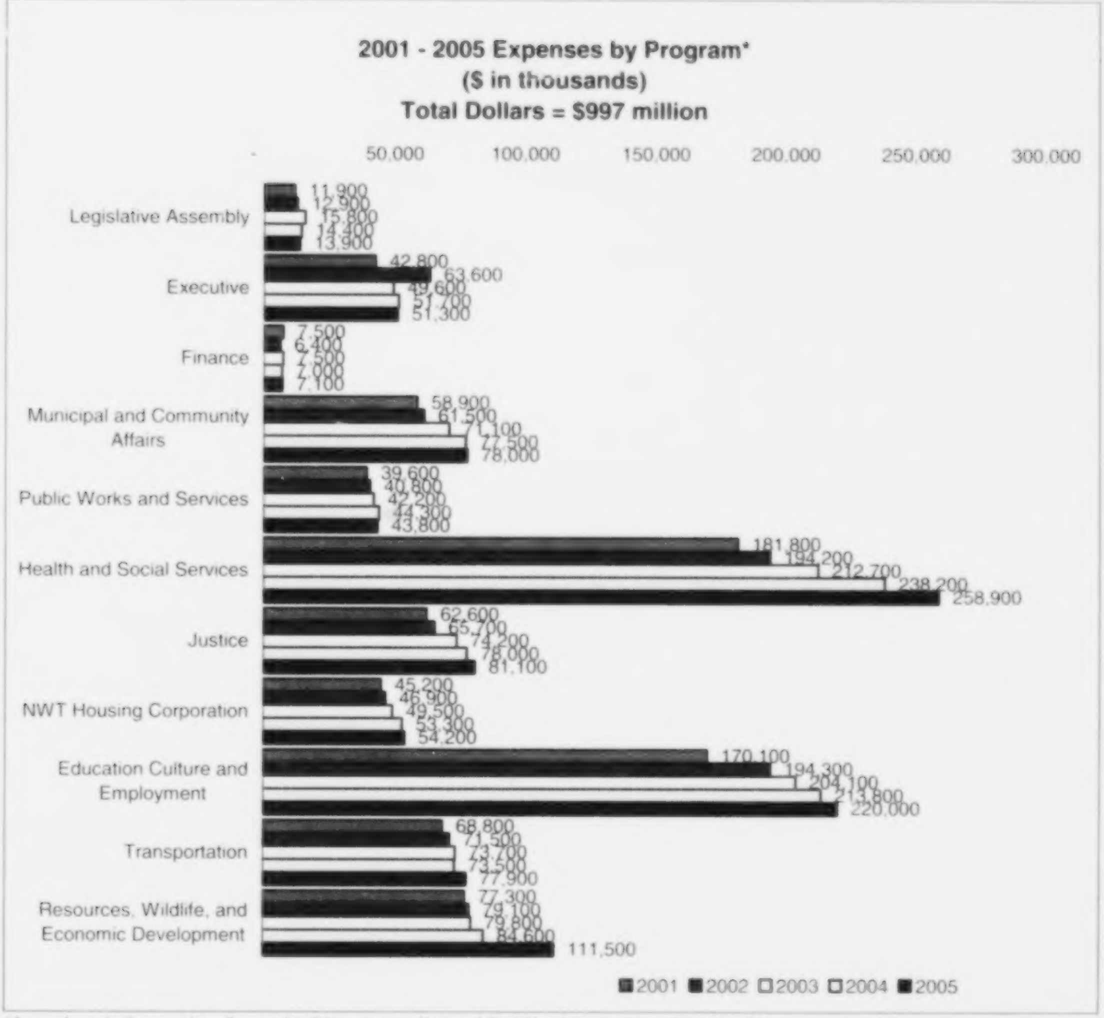


The expenses of the Government are such that a large percentage of its costs are fixed. Grants and contributions to third parties such as boards and agencies also have many components that are fixed and as the major (or sole) provider of funds, the Government cannot vary the funding without affecting the level of output by these boards and agencies. Approximately 43.8% (2004 – 44.6%) of the Government's total expenditures for 2004-05 were for Grants and Contributions. Many of our social and educational programs are funded by these contributions.

Additional types of fixed costs are long-term, such as lease and other commitments which are disclosed in note 17 to the Consolidated Public Accounts.

The Government is also vulnerable to inflation as it is an important factor when negotiating compensation and benefits. Not only are the direct wages of the Government (approximately 22.3 % (2004 – 23%) of the government's total expenditures) vulnerable to this but wages also make up a significant portion of the grants and contributions given to third parties.

EXPENSES BY PROGRAM



2001 - 2005 Expenses by Program*
($ in thousands)
Total Dollars = $997 million

*based on information from the Non-consolidated Public Accounts – Section II

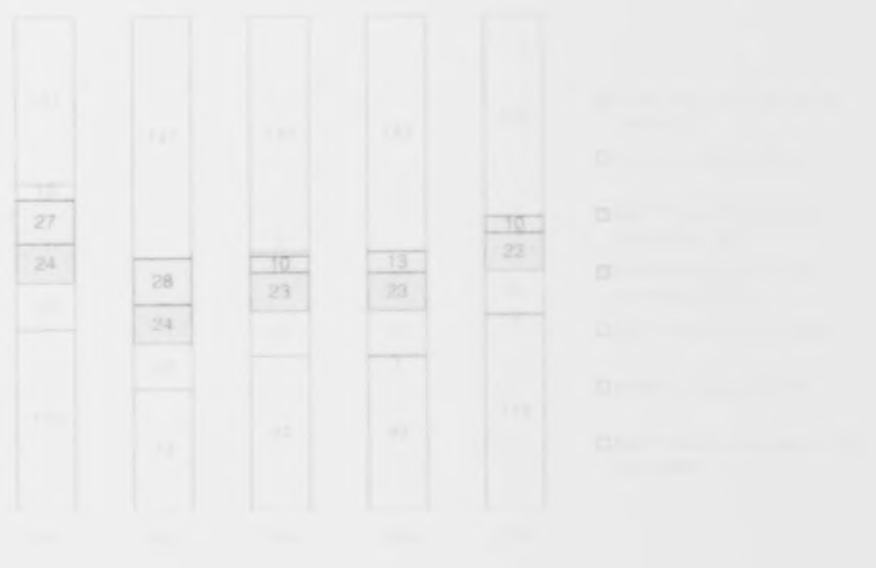
In the 2005 fiscal year, the Government spent 62% (2004 – 62%) of its total budget on social programs (education, health, support to community governments, justice and housing). Most of the remaining budget is allocated to infrastructure, natural resources and economic development. Any additional resources to improve a service often have to be made at the expense of other important needs. Balancing a budget entails not only controlling expenses but also finding the most effective and efficient mix of programs.

LONG-TERM DEBT BORROWING CAPACITY

[illegible]

[illegible]

2001 to 2005 Debt Authority
Maximum Borrowing Capacity ($300 million)



[illegible]

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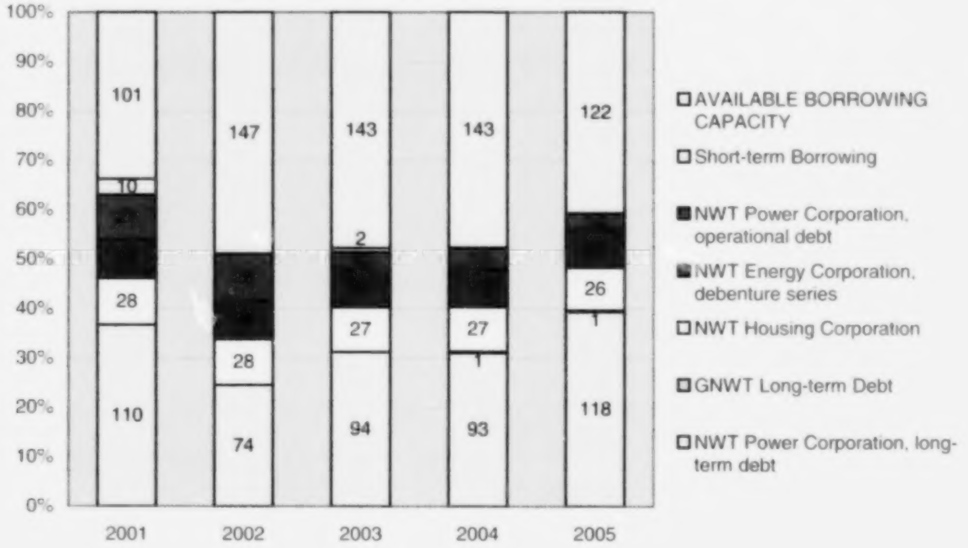
LONG-TERM DEBT BORROWING CAPACITY

Canada, pursuant to subsection 20(2) of the *Northwest Territories Act*, has approved Government borrowing up to $300 million. This includes debt of the various Government entities' that are consolidated. The consolidation includes the Northwest Territories Housing Corporation and the Northwest Territories Power Corporation and includes the Northwest Territories Opportunities Fund, however the latter is excluded for purposes of the calculation of government borrowing. If future monetary requirements should require borrowing in excess of the approved limit of $300 million a review of the Government's overall borrowing capacity with Canada would be required.

The borrowings of the Northwest Territories Power Corporation (NTPC) and the Northwest Territories Energy Corporation are serviced through revenues generated by the NTPC and Northwest Territories Energy Corporation and, as such, do not require the Government fund the related interest expense or principal repayment.

2001 to 2005 Debt Authority
Maximum Borrowing Capacity - $300 million

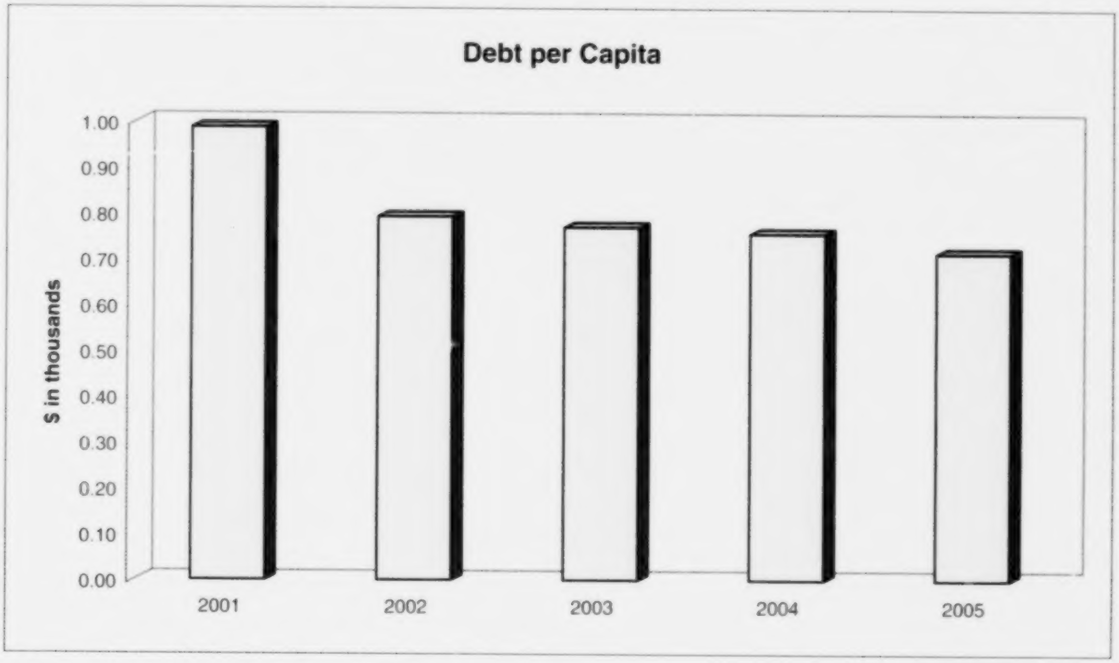


The Government's borrowing has increased in the last year, relative to the past three years. The increase is due to operational requirements such as the requirement to refund a significant amount of corporate income tax as disclosed in the Public Accounts (note 3) and the requirement to record a $24M liability related to the Giant mine environmental clean-up.

The debt level will likely continue to increase given that the Government has had to implement a borrowing strategy to allow it to address current infrastructure needs while a revenue sharing agreement has not yet been reached. The Government continues to work towards renegotiating the debt cap of $300M and in anticipation of implementing the new borrowing strategy has obtained a credit rating of Aa3 for the Government from Moody's Investors Service.

DEBT PER CAPITA

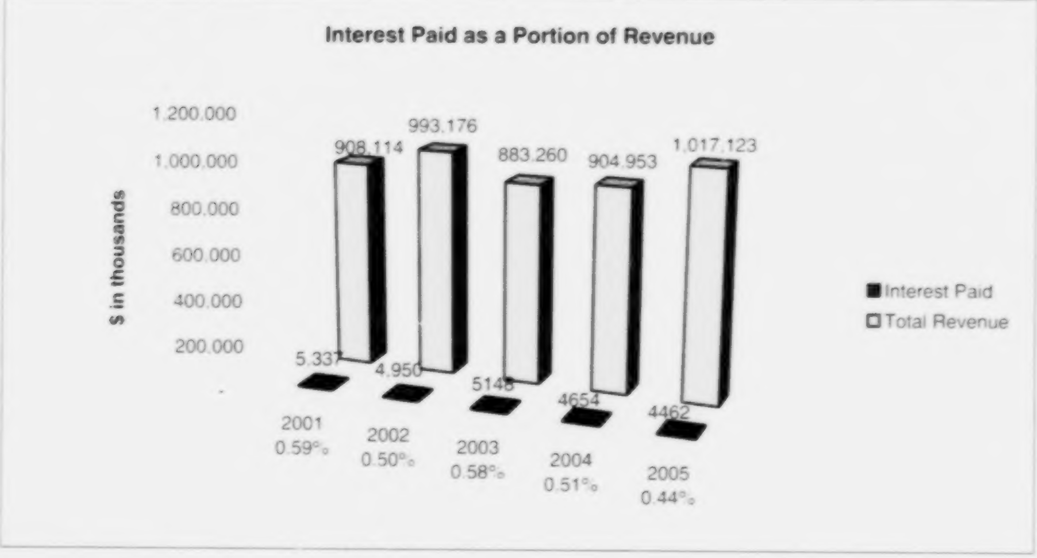
The following chart depicts the debt per capita with respect to the entire debt load that the Government of the Northwest Territories is directly responsible for. This debt is defined as short and long-term borrowing and excludes the borrowings of the Northwest Territories Opportunity Fund. At March 31, 2005 the long-term debt was $31 million, with no short-term borrowings.



Based on Statistics Canada population as at July 1, 2004

The trend above can best be analyzed by considering the debt levels disclosed on the previous page and taking into consideration that the Northwest Territories population grows every year.

INTEREST



The Government of the Northwest Territories is in the enviable position of having to expend less than 1% of its total revenues to service its debt load.

The new initiative related to purchasing of Tangible Capital Assets through the use of debt has the ratio above as one of the parameters that will be reported on to ensure that any new debt we assume does not affect our long-term sustainability.

CONCLUSION

As described in the Introduction, the CICA has suggested that a government's financial health should be measured in terms of sustainability, flexibility and vulnerability. The preceding measures have attempted to illustrate how the Government of the Northwest Territories' fiscal health measures up from this standpoint. This suggests the following conclusions:

Sustainability – at the end of the 2004-05 fiscal year the Government of the Northwest Territories had increased its liabilities in excess of financial assets by $42 million. This net debt position means approximately 4.1% of the year's expenses, or 2 weeks of operations were financed by incurring debt beyond our financial assets. The Government's long-term debt was $31 million or 2.9% of the Government revenues for the year and less than 1% of the Northwest Territories Gross Domestic Product. These measures suggest that the Government of the Northwest Territories may not be able to maintain current programs without increasing the debt burden on the economy to some degree but that an increased debt load is sustainable.

Flexibility – this pertains to the Government's ability to increase its financial resources. The Government of the Northwest Territories own source revenues were negative in the 2003-04 fiscal year, as the result of a corporate income tax claw back by the federal government. In order to make a meaningful comparison prior years own source revenues must be looked at excluding any income tax revenue. When own source revenues are looked in this manner the increase in revenues in the current year is 11%. The balance of revenues came largely through the Grant (Formula Financing Agreement with the federal government). The Government does not have access to resource royalty revenues as the federal government continues to control all Northwest Territories subsurface resources. The Government of the Northwest Territories has a federally imposed limit on its borrowing of $300 million, and although it is currently under its limit, $300 million represents only 29% of 2004-05 expenses or 15 weeks of operations. The Government of the Northwest Territories' flexibility is severely constrained by these factors.

Vulnerability – this is a measure of how dependent a government is on sources of funding outside its control or influence. To assess the Government of the Northwest Territories vulnerability it is not necessary to look further than the Government's limited own source revenues and the volatility related to corporate income tax. The Grant from Canada has been renegotiated for both the current year and 2005-06 at a fixed amount however, beyond that, the level of funding is not known with any certainty at this time. The agreement is normally renewed every five years at which time it is subject to negotiated or federally imposed changes.

In summary, the Government of the Northwest Territories is financially stable at this point in time but it has limited flexibility to raise new revenues or incur debt and it is very vulnerable to federal changes to its future revenues.

ADDITIONAL SOURCES OF INFORMATION

The Government of the Northwest Territories produces several other documents and web sites that may be referenced for additional information.

Sources include:
- Government of the Northwest Territories Web Site at www.gov.nt.ca
- Government of the Northwest Territories Public Accounts
    - ♦ Section I – Consolidated Financial Statements
    - ♦ Section II – Non-Consolidated Financial Statements
    - ♦ Section III – Supplementary Financial Statements
- Government of the Northwest Territories Main Estimates
- Business Plans
- Geographic Tracking Report
- Results Report